

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

SCHEDULES

SCHEDULE 1

Section 1.

QUANTIFICATION OF A PRIVATISATION WINDFALL

The basic rule

- 1 (1) Subject to paragraph 7 below, where a company was benefitting on 2nd July 1997 from a windfall from the flotation of an undertaking whose privatisation involved the imposition of economic regulation, the amount of that windfall shall be taken for the purposes of this Part to be the excess (if any) of the amount specified in sub-paragraph (2)(a) below over the amount specified in sub-paragraph (2)(b) below.
- (2) Those amounts are the following amounts (determined in accordance with paragraphs 2 to 6 below), that is to say—
- (a) the value in profit-making terms of the disposal made on the occasion of the company's flotation; and
 - (b) the value which for privatisation purposes was put on that disposal.

Value of a disposal in profit-making terms

- 2 (1) Subject to paragraph 4 below, the value in profit-making terms of the disposal made on the occasion of a company's flotation is the amount produced by multiplying the average annual profit for the company's initial period by the applicable price-to-earnings ratio.
- (2) For the purposes of this paragraph the average annual profit for a company's initial period is the amount produced by the following formula—

$$A = 365 \times \frac{P}{D}$$

Where—

A is the average annual profit for the company's initial period;

P is the amount, ascertained in accordance with paragraph 5 below, of the total profits for the company's initial period; and

D is the number of days in the company's initial period.

- (3) For the purposes of this paragraph the applicable price-to-earnings ratio is 9.

Value put on a disposal for privatisation purposes

- 3 (1) Subject to paragraph 4 below, the value which for privatisation purposes was put on the disposal made on the occasion of a company's flotation is the amount produced by

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multiplying the institutional price by the number of shares comprised in the ordinary share capital of the company at the time of its flotation.

- (2) In this paragraph “the institutional price”, in relation to a company, means the highest fixed price per share at which publicly-owned shares in the company were offered for disposal on the occasion of the company’s flotation.
- (3) Subject to sub-paragraph (4) below, where publicly-owned shares in a company were offered for disposal in accordance with any arrangements for the payment of the price in two or more instalments, the price per share at which those shares were offered shall be ascertained by aggregating the instalments.
- (4) Where the arrangements under which any publicly-owned shares in a company were offered for disposal provided for any discount on the payment of the whole or any part of the price for those shares, that discount shall be disregarded for the purposes of this paragraph in determining the price per share at which those shares were offered.

Cases where company privatised in stages

- 4 (1) For the purposes of this Schedule, where the disposal percentage in the case of any company was 85 per cent. or less—
 - (a) the value in profit-making terms of the disposal made on the occasion of the company’s flotation, and
 - (b) the value which for privatisation purposes was put on that disposal,
 shall each be taken to be the disposal percentage of the amount which, under paragraph 2 or 3 above, would be the amount of that value but for this paragraph.
- (2) For the purposes of this paragraph “the disposal percentage”, in relation to any company, means the percentage which expresses (in terms of nominal value) how much of the ordinary share capital of the company at the time of its flotation was represented by the publicly-owned shares in the company offered for disposal on the occasion of the company’s flotation.

Total profits for the initial period

- 5 (1) For the purposes of paragraph 2 above the amount of the total profits for a company’s initial period is the sum of the amounts falling within sub-paragraph (2) below.
- (2) Subject to sub-paragraph (3) and paragraph 6(3) below, those amounts are every amount which, for a financial year of the company ending in or at the end of its initial period, is shown in the relevant accounts for that year—
 - (a) where those accounts are prepared in accordance with section 227 of the ^{M1}Companies Act 1985 (group accounts), as the profit of that company and its subsidiary undertakings for that year; and
 - (b) in any other case, as the profit of that company for that year.
- (3) Where—
 - (a) any profit shown in the relevant accounts of a company for any financial year has been computed using a current cost accounting method, but
 - (b) the information which was contained in those accounts, or which was provided to the registrar together with those accounts, included information from which it can be ascertained what that profit would have been if an historical cost accounting method had been used,

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the amount shown as that profit in those accounts shall be deemed to be the amount (as ascertained from that information) which would have been so shown if that historical cost accounting method had been used.

- (4) In this paragraph references, in relation to any financial year of a company, to the relevant accounts are references to any such accounts for that year as have been or are delivered to the registrar under section 242 of the Companies Act 1985 and consist—
- (a) in the case of a financial year at the end of which the company was a parent undertaking, in consolidated group accounts prepared in accordance with section 227 of that Act (group accounts); and
 - (b) in any other case, in accounts prepared in accordance with section 226 of that Act (individual accounts).
- (5) Subject to sub-paragraph (6) below, references in this paragraph to the amount shown in any accounts as the profit for any financial year are references to the amount of the profit (if any) for that year which is set out in the profit and loss account comprised in those accounts as the item which is, or is the equivalent of, the final item of the statutory format which for that year was used for that profit and loss account.
- (6) Where any amount shown in any accounts is less than it would have been if no provision or other deduction had been made—
- (a) in relation to the windfall tax, or
 - (b) in anticipation of the imposition of a charge with characteristics similar to those of the windfall tax,

this Schedule shall have effect as if the amount shown were the amount it would have been if that provision or deduction had not been made.

- (7) Nothing in this paragraph shall, in the case of any company—
- (a) prevent any charge to windfall tax from being treated as having arisen on 2nd July 1997 by reference to accounts delivered to the registrar after that date; or
 - (b) prevent any requirement to pay an instalment of windfall tax, or any other liability under Schedule 2 to this Act, from arising before the delivery to the registrar of the accounts by reference to which the amount of that charge is computed;

and any power of the Board under that Schedule to make an assessment shall include power to make an assessment on the basis that accounts will be delivered to the registrar showing such amounts as may, to the best of their judgement, be determined by the Board.

- (8) Subject to sub-paragraph (9) below, this paragraph shall have effect in relation to any time at which the ^{M2}Companies Act 1985 had effect without the amendments made by the ^{M3}Companies Act 1989—
- (a) as if the references in sub-paragraphs (2) and (4) above to sections 226, 227 and 242 of the Companies Act 1985 were references, respectively, to sections 227, 229 and 241 of that Act, as it had effect without those amendments;
 - (b) as if the reference in sub-paragraph (2) above to a company's subsidiary undertakings were a reference to its subsidiaries (within the meaning of that Act as it so had effect); and
 - (c) as if the reference in sub-paragraph (4)(a) above to a company's being a parent undertaking were a reference to its having such subsidiaries.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (9) In relation to a company formed and registered in Northern Ireland, this paragraph shall have effect as if the references in sub-paragraphs (2) and (4) above to sections 226, 227 and 242 of the Companies Act 1985 were references, respectively, to Articles 234, 235 and 250 of the ^{M4}Companies (Northern Ireland) Order 1986.
- (10) In this paragraph—
- “the registrar” means—
- (a) except in relation to a company formed and registered in Northern Ireland, the registrar within the meaning of the Companies Act 1985; and
- (b) in relation to a company so formed and registered, the registrar within the meaning of the Companies (Northern Ireland) Order 1986;
- and
- “statutory format”, in relation to a profit and loss account, means a format set out in the provisions (as they had effect in relation to that account) of Schedule 4 to the Companies Act 1985 or Schedule 4 to the Companies (Northern Ireland) Order 1986.

Marginal Citations

- M1** 1985 c. 6.
M2 1985 c. 6.
M3 1989 c. 40.
M4 S.I. 1986/1032 (N.I. 6).

Meaning of the initial period etc

- 6 (1) In this Schedule “initial period”, in relation to a company privatised by means of a flotation, means (subject to sub-paragraph (2) below) the period which—
- (a) begins with the first day of the first financial year of the company to begin after the time of its flotation; and
- (b) ends with the end of the fourth financial year of the company to begin after the time of its flotation.
- (2) Where the initial period of a company privatised by means of a flotation would (but for this sub-paragraph) include any time on or after 1st April 1997, sub-paragraph (1) above shall not apply and the initial period of that company shall be taken, instead, to be the period which—
- (a) begins with the day on which the time of its flotation falls; and
- (b) ends with the end of the last financial year of the company to end before 1st April 1997.
- (3) Where—
- (a) sub-paragraph (2) above applies for determining a company’s initial period, and
- (b) there is a financial year of that company beginning before but ending after the beginning of that initial period,
- the amount which for that year is shown as mentioned in paragraph 5(2) above shall be included in the sums added together for the purposes of paragraph 5(1) above to the extent only that that amount is attributable, on an apportionment made in

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accordance with the following provisions of this paragraph, to the part of that year falling within the company's initial period.

- (4) Except in a case where sub-paragraph (5) below applies, an apportionment for the purposes of sub-paragraph (3) above shall be made on a time basis according to the respective lengths of—
- (a) the part of the financial year falling before the beginning of the company's initial period; and
 - (b) the remainder of that financial year.
- (5) Where the circumstances of a particular case are such that—
- (a) the making of an apportionment on the basis mentioned in sub-paragraph (4) above would work in a manner that would be unjust or unreasonable, but
 - (b) it would be just and reasonable to make the apportionment on the alternative basis,
- the apportionment shall be made, instead, on the alternative basis.
- (6) For the purposes of this paragraph an apportionment in the case of any company of the amount shown for any financial year as a profit for that year is made on the alternative basis where it is made according to how much of that profit accrued in each of the two parts of that financial year that are mentioned in sub-paragraph (4) above.

Apportionment between demerged successors and predecessors

- 7 (1) This paragraph applies where—
- (a) a company (“the predecessor company”) was benefitting on 2nd July 1997 from a windfall from the flotation of an undertaking whose privatisation involved the imposition of economic regulation; and
 - (b) another company which on that date was a demerged successor of the predecessor company is also taken for the purposes of this Part to have been benefitting from such a windfall on that date.
- (2) Where this paragraph applies—
- (a) the amount of the windfall from which the predecessor company was benefitting on 2nd July 1997 shall be equal to only the appropriate fraction of the amount (“the total windfall”) which (but for this paragraph) would have been the amount of that windfall under paragraphs 1 to 6 above; and
 - (b) the amount of the windfall from which the demerged successor shall be taken to have been benefitting on that date shall be equal to the remainder of the total windfall.
- (3) In this paragraph “the appropriate fraction” means the following fraction—

$$\frac{P}{P+S}$$

Where—

P is the amount produced by multiplying the number of shares comprised at the end of the relevant day in the ordinary share capital of the predecessor company by the market price on that day of an ordinary share in that company; and

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

S is the amount produced by multiplying the number of shares comprised at the end of the relevant day in the ordinary share capital of the demerged successor by the market price on that day of an ordinary share in the demerged successor.

- (4) For the purposes of this paragraph references to the market price of shares on any day are references to the sum of—
- (a) the lower of the two prices shown in the Stock Exchange Daily Official List for that day as the closing prices for the shares on that day; and
 - (b) one half of the difference between those two prices.
- (5) In this paragraph “the relevant day” means the day on which shares in the demerged successor were first listed on the Official List of the Stock Exchange.

General interpretation of the Schedule

- 8 (1) In this Schedule “financial year”, in relation to a company, means (subject to sub-paragraph (2) below)—
- (a) a financial year of that company within the meaning of Part VII of the ^{M5}Companies Act 1985; or
 - (b) any period which—
 - (i) began before the coming into force of section 3 of the ^{M6}Companies Act 1989 (new definition of financial year); and
 - (ii) was a financial year of that company for the purposes of that Part, as it had effect without the amendments made by that section.
- (2) Sub-paragraph (1) above does not apply to a company formed and registered in Northern Ireland; and in relation to such a company, references in this Schedule to a financial year are references to a financial year within the meaning of Part VIII of the ^{M7}Companies (Northern Ireland) Order 1986.
- (3) In this Schedule references, in relation to a company privatised by means of a flotation, to the shares offered for disposal on the occasion of the company’s flotation are references to the following shares in that company, that is to say—
- (a) those that were the subject-matter of the offer to the public in respect of which that company is regarded for the purposes of this Part as having been so privatised; and
 - (b) any publicly-owned shares not falling within paragraph (a) above that were the subject-matter of an offer for disposal made on the same occasion as the offer mentioned in that paragraph.
- (4) References in this Schedule to an offer for the disposal of shares in a company include references to any offer to transfer or confer an immediate or contingent right to or interest in any such shares, whether or not for a consideration; and (subject to sub-paragraph (5) below) references to the shares that are the subject-matter of such an offer shall be construed accordingly.
- (5) For the purposes of sub-paragraph (3) above where—
- (a) an offer for the disposal of publicly-owned shares in a company contained provision for a person to become entitled to further shares in that company if he satisfied conditions specified in the offer, and
 - (b) those conditions included a condition as to the period for which shares in that company continued to be held by that person,

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

shares which (apart from this sub-paragraph) would fall to be treated as the subject-matter of the offer by virtue only of that provision shall be treated as the subject-matter of the offer to the extent only that persons did in fact become entitled to them before 2nd July 1997 as a result of having satisfied the conditions in question.

- (6) In this Schedule a reference, in relation to any time, to the ordinary share capital of a company is a reference to the following, taken together, that is to say—
- (a) the shares comprised in the ordinary share capital of the company (within the meaning of the Tax Acts); and
 - (b) any shares that would have been so comprised at that time if the issued share capital of the company at that time had included any shares in the company that had been allotted but not issued.

Marginal Citations

- M5** 1985 c. 6.
M6 1989 c. 40.
M7 S.I. 1986/1032 (N.I. 6).

SCHEDULE 2

Section 3.

ADMINISTRATION AND COLLECTION OF WINDFALL TAX

Returns

- 1 (1) The Board may by notice require any company which in their opinion is or may be a chargeable company to deliver to the Board a return complying with this paragraph.
- (2) A company which has been required under this paragraph to deliver a return to the Board shall do so—
- (a) except in a case where the Board's notice requiring the return is given after 1st November 1997, on or before 1st December 1997; and
 - (b) in the excepted case, before the end of the period of 30 days beginning with the day after that on which that notice is given.
- (3) A return delivered to the Board under this paragraph must—
- (a) set out the amount of windfall tax (if any) with which the company is charged;
 - (b) contain all such information about the matters mentioned in sub-paragraph (4) below as the Board may reasonably require; and
 - (c) be accompanied by all such accounts, statements and other records as the Board may reasonably require.
- (4) Those matters are—
- (a) the method used for the computation of any amount set out in the return as the amount of windfall tax with which the company is charged;
 - (b) the accounts, statements and other records by reference to which the computation of any amount so set out has been made;

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (c) any group of companies of which that company is or has at any time been a member; and
- (d) any other matters relevant to the extent of any liability of the company under this Part.

(5) A return delivered to the Board under this paragraph—

- (a) shall be in such form as the Board may require; and
- (b) shall contain a declaration by the person making the return that it is correct and complete.

(6) Where—

- (a) a company has delivered a return to the Board under this paragraph, and
- (b) that return sets out any amount as the amount of windfall tax with which the company is charged,

that amount shall be taken, except in so far as any other amount is assessed or otherwise determined under the following provisions of this Schedule, to be the amount of windfall tax with which that company is charged.

(7) Where—

- (a) the Board have, at any time before the passing of this Act, given notice to any company requiring it to deliver a return, and
- (b) that notice stated that it was given in anticipation of the passing of this Act and that, in the opinion of the Board, the company is likely to be a chargeable company,

that notice shall have effect on and after the day on which this Act is passed as if it were a notice given on that day in exercise of the power conferred by sub-paragraph (1) above.

Notification of liability and failure to make return

2 (1) If a chargeable company has not, before 1st December 1997, either—

- (a) given notice to the Board that it is a chargeable company, or
- (b) been required by a notice under paragraph 1(1) above to deliver a return to the Board,

that company shall be liable to a penalty of an amount not exceeding the amount of the windfall tax with which it is charged.

(2) A company which—

- (a) has been required by a notice under sub-paragraph (1) of paragraph 1 above to deliver a return to the Board, and
 - (b) fails to deliver the required return in accordance with that paragraph,
- shall be liable to the penalties set out in sub-paragraph (3) below.

(3) Those penalties are—

- (a) a penalty of £3,000;
- (b) in a case where the required return has not been delivered by the end of three months from the relevant time, a penalty (in addition to the penalty under paragraph (a) above) of an amount not exceeding 10 per cent. of the amount of windfall tax with which that company is charged; and
- (c) in a case where the required return has not been delivered by the end of six months from the relevant time, a penalty (in addition to the penalties under

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paragraphs (a) and (b) above) of an amount not exceeding 20 per cent. of the amount of windfall tax with which that company is charged.

- (4) In sub-paragraph (3) above “the relevant time”, in relation to the delivery of a return, means the time by which that return should under paragraph 1(2) above have been delivered.

Payment of windfall tax

- 3 (1) The amount of windfall tax with which a chargeable company is charged shall be paid by that company in two instalments as follows—
- (a) one half of the amount charged shall be paid on or before 1st December 1997; and
 - (b) the rest shall be paid on or before 1st December 1998.
- (2) The Board, if requested to do so, shall give a receipt for any windfall tax paid.
- (3) The application by this Schedule of any enactment referring to the time at which an amount of tax becomes due and payable shall have effect, in relation to an amount of windfall tax, as if it referred to the time by which that amount is required to be paid under this paragraph.

General power to make assessments

- 4 (1) Subject to the following provisions of this Schedule, the amount of windfall tax with which a company is charged may be assessed on that company by the Board.
- (2) An assessment of the amount of windfall tax with which a company is charged may be made whether or not any amount has been paid by that company in respect of that tax when the assessment is made.
- (3) Subject to sub-paragraph (4) below, where—
- (a) a company has delivered a return to the Board in pursuance of paragraph 1 above, and
 - (b) the Board are satisfied that the return is correct and complete,
- the Board shall make an assessment in accordance with the return.
- (4) The Board shall not be required to make an assessment under sub-paragraph (3) above in the case of a company whose return shows that it is not charged with windfall tax.
- (5) Where the Board make an assessment under this paragraph in a case in which the assessment is not one which the Board are required to make under sub-paragraph (3) above in accordance with a return, the Board’s assessment shall be made to the best of their judgement.

Power to make assessments on discovery of unassessed liabilities

- 5 (1) If the Board discover that any company which—
- (a) has made a return in relation to which paragraph 4(4) above applied, or
 - (b) has been assessed to an amount of windfall tax,
- has not been assessed to as much windfall tax as it should have been, they may make an assessment or further assessment of the amount which, in their opinion, is windfall tax with which that company is charged but to which it has not been assessed.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (2) Where—
- (a) the Board discover that an amount of windfall tax has been repaid which ought not to have been repaid, and
 - (b) that amount is not assessable under sub-paragraph (1) above,
- that amount may be assessed by the Board, and recovered under this Schedule from the company to which it was repaid, as if it were an amount of windfall tax which that company is liable to pay.
- (3) Where the amount of any assessment to windfall tax is reduced, the company assessed shall not for the purposes of this paragraph be treated, at any time after the reduction, as having been already assessed to the amount of windfall tax comprised in the reduction.

Supplemental provisions about assessments

- 6 (1) An assessment shall not be made under this Schedule at any time on or after 1st December 2003.
- (2) Where an assessment is made under this Schedule, notice of that assessment shall be served on the company assessed.
- (3) The notice of any assessment under this Schedule must state—
- (a) the date on which it is issued; and
 - (b) the time within which any appeal against the assessment may be made.
- (4) After the notice of any assessment under this Schedule has been served on the company assessed—
- (a) the assessment shall not be withdrawn;
 - (b) the assessment shall not be amended, except in accordance with provision made or applied by this Schedule; and
 - (c) the company shall not, except in accordance with any provision so made or applied, be entitled to the repayment of any amount on the grounds that the amounts of windfall tax assessed on that company are excessive.
- (5) Where notice of any assessment under this Schedule has been served on the company assessed, the amount of the assessment—
- (a) shall be deemed (subject to the provisions of this Schedule) to be an amount of windfall tax with which that company is charged; and
 - (b) subject to the provisions of this Part about the payment of windfall tax in instalments, may be recovered accordingly.
- (6) Liability to pay an instalment of windfall tax does not depend on the making of an assessment; and nothing in the provisions of this Schedule about the making of assessments shall affect the times which are taken for the purposes of this Part to be the times by which companies are required under paragraph 3 above to pay instalments of windfall tax.

Claims to relieve double assessment

- 7 (1) If, on a claim made to the Board, it appears to their satisfaction that a company has been assessed to the same amount of windfall tax more than once, the Board shall

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Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

direct that so much of any assessment made on that company under this Schedule as appears to them to be excessive is to be vacated.

- (2) A claim under sub-paragraph (1) above—
 - (a) must be made in such form as the Board may require; and
 - (b) shall not be made after the end of the period of six years beginning with the day of the service on the claimant of the notice of the most recent assessment to which the claim relates.
- (3) On the giving of a direction under this paragraph with respect to any assessment, that assessment shall be vacated to the extent specified in the direction.

Claims to correct errors or mistakes in returns etc.

- 8 (1) If any company which has paid an amount of windfall tax assessed under this Schedule alleges that it has been, or continues to be, assessed to too much windfall tax by reason of—
 - (a) some error or mistake in a return under paragraph 1 above, or
 - (b) some error or mistake discovered by the claimant in a previous claim made by the claimant under paragraph 7 above or this paragraph,the company may make a claim for relief under this paragraph in respect of that error or mistake.
- (2) A claim under this paragraph—
 - (a) must be made in such form as the Board may require; and
 - (b) shall not be made—
 - (i) if it relates to an error or mistake in a return, at any time on or after 1st December 2003; or
 - (ii) if it relates to an error or mistake in a claim, at any time after the latest time at which that claim could have been made.
- (3) On receiving a claim under this paragraph, the Board shall—
 - (a) inquire into the matter; and
 - (b) give, by way of repayment to the claimant, such relief (if any) as, having regard to all the relevant circumstances, they consider just and reasonable in respect of the error or mistake in question.

Appeals against assessments and decisions on claims

- 9 (1) An appeal to the Special Commissioners shall lie against each of the following, that is to say—
 - (a) an assessment under this Schedule;
 - (b) a decision by the Board on a claim under paragraph 7 or 8 above.
- (2) An appeal under sub-paragraph (1) above shall be made by notice to the Board.
- (3) Subject to the following provisions of this paragraph, a notice of appeal under sub-paragraph (2) above—
 - (a) shall not be given more than 30 days after the day on which notice of the assessment or decision appealed against was given to the appellant; and
 - (b) must specify the grounds of appeal.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (4) An appeal under this paragraph may be brought out of time if, on an application made for the purpose by the appellant, the Board are satisfied—
- (a) that the appellant has a reasonable excuse for not having brought the appeal within the time allowed by sub-paragraph (3) above; and
 - (b) that there was no unreasonable delay in the making of that application;
- and, where the Board are not so satisfied, they shall refer the application to the Special Commissioners, who (if they are so satisfied) may themselves allow the appeal to be brought out of time.
- (5) The Special Commissioners—
- (a) may allow grounds in addition to those specified in the notice of appeal to be put forward on an appeal under this paragraph; and
 - (b) may take the additional grounds into consideration if they are satisfied that their omission from the notice was neither wilful nor unreasonable.
- (6) Section 55 of the Management Act (postponement of tax to which an appeal relates) shall apply to an appeal under this paragraph against an assessment under this Schedule as it applies to an appeal against an assessment mentioned in subsection (1) of that section but as if, in that section—
- (a) references to tax were references to windfall tax;
 - (b) references to the inspector were references to the Board; and
 - (c) subsections (6)(a) and (b)(i), (6A) and (9)(a) were omitted.

Powers of Special Commissioners on an appeal

- 10 (1) Where there is an appeal to the Special Commissioners against an assessment under this Schedule—
- (a) the Commissioners may, if it appears to them that the amount of the assessment is too much or too little, reduce or increase the amount of the assessment accordingly; and
 - (b) the assessment shall stand good if it is not reduced or increased under paragraph (a) above.
- (2) Where an appeal is brought under paragraph 9 above against a decision of the Board on a claim under paragraph 7 or 8 above, the Special Commissioners shall hear and determine that appeal in accordance with the principles to be followed by the Board in determining claims under that paragraph.
- (3) On an appeal to the Special Commissioners against a decision of the Board on a claim under paragraph 7 or 8 above, the powers of the Special Commissioners shall include power, if they think fit, to modify or cancel any decision made by the Board on that claim, including one made in favour of the appellant.

Procedures on appeal

- 11 (1) Subject to the following provisions of this paragraph, the following provisions of the Management Act shall apply for the purposes of and in relation to appeals to the Special Commissioners under paragraph 9 above as they apply for the purposes of or in relation to appeals to the Special Commissioners under the Tax Acts, that is to say—
- (a) section 46A (regulations about the jurisdiction of the Special Commissioners);

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (b) section 54 (settling appeals by agreement);
 - (c) section 56A (appeals from the Special Commissioners);
 - (d) sections 56B to 56D (regulations about practice and procedure etc.).
- (2) The ^{M8}Special Commissioners (Jurisdiction and Procedure) Regulations 1994 shall have effect, with the necessary modifications, in relation to appeals to the Special Commissioners under this Schedule as they have effect in relation to appeals to the Special Commissioners under the Tax Acts; but this sub-paragraph shall be without prejudice to the power of the Lord Chancellor, by virtue of sub-paragraph (1) above, to modify those regulations as applied by this sub-paragraph.
- (3) Subject to paragraph 5 above and the provisions applied by sub-paragraphs (1) and (2) above, the determination of the Special Commissioners on an appeal under this Schedule shall be final and conclusive.
- (4) Where an appeal has been made to the Special Commissioners against a decision of the Board on a claim under paragraph 8 above, neither the appellant nor the Board shall be entitled, by virtue of anything in sub-paragraph (1) above, to appeal except against so much (if any) of the decision of the Special Commissioners as relates to a point of law arising in connection with the computation in accordance with Schedule 1 to this Act of the amount of the windfall from which any company was benefitting on 2nd July 1997.
- (5) Section 53 of the Management Act (appeal against the summary determination of a penalty) shall apply in relation to any summary determination of a penalty pursuant to—
- (a) the regulations applied by sub-paragraph (2) above, or
 - (b) any modification of those regulations made by virtue of this Schedule,
- as it applies in relation to any other such summary determination as is mentioned in that section.
- (6) Subsections (2B) and (2C) of section 58 of the Management Act (Northern Ireland modifications) shall apply as if the reference to the Taxes Acts included a reference to this Schedule and, accordingly, as if the reference to section 56A of that Act included a reference to that section as applied by this paragraph.
- (7) In the application for the purposes of this Schedule of—
- (a) section 58(2B) and (2C) of the Management Act, and
 - (b) the regulations mentioned in sub-paragraph (2) above,
- references to proceedings in Northern Ireland shall have effect as references to proceedings on an appeal to the Special Commissioners by a company whose head office or principal place of business is in Northern Ireland.
- (8) Sections 21 and 22 of the ^{M9}Interpretation Act Northern Ireland) 1954 (rules of court and powers of appellate courts) shall apply as if references in those sections to an enactment included a reference to sub-paragraphs (6) and (7) above.

Marginal Citations

M8 S.I. 1994/1811.

M9 1954 c. 33 (N.I.).

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Interest

- 12 (1) Where any amount of windfall tax with which a company is charged is not paid before the time by which it is required to be paid under paragraph 3 above, that amount of that tax shall carry interest from that time until payment.
- (2) Sub-paragraph (1) above applies to an amount whether or not the payment of that amount is postponed under section 55 of the Management Act (as applied by paragraph 9(6) above).
- (3) Any amount paid by way of windfall tax which is repayable shall carry interest from whichever is the later of—
- (a) the time by which that amount was required to be paid under paragraph 3 above, and
 - (b) the time when that amount was in fact paid,
- until the time when that amount is repaid.
- (4) The rate of interest under this paragraph for any period shall be—
- (a) in the case of interest under sub-paragraph (1) above, the rate applicable under section 178 of the ^{M10}Finance Act 1989 for the purposes of section 87A of the Management Act (interest on unpaid corporation tax); and
 - (b) in the case of interest under sub-paragraph (3) above, the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 826 of the Taxes Act 1988 (interest on overpaid corporation tax).
- (5) Where any amount paid by way of windfall tax is repayable to a person who has paid interest under sub-paragraph (1) above, that person shall be entitled to a repayment of so much of that interest as would represent the interest paid on that amount if, after—
- (a) making an appropriate apportionment of the payments made to the Board between the instalments due from the person making them, and
 - (b) taking account of any previous repayment,
- it is assumed that the amount repayable is to be equated with the most recent payment or payments made to the Board.
- (6) Interest under sub-paragraph (1) above—
- (a) shall be paid without any deduction of income tax; and
 - (b) shall not be allowed as a deduction in computing income, profits or losses for any of the purposes of the Tax Acts;
- and interest paid under sub-paragraph (3) above shall be disregarded in computing income, profits or losses for any such purposes.

Marginal Citations

M10 1989 c. 26.

Collection of information

- 13 (1) For the purposes of this Part, section 20 of the Management Act (power to call for documents of taxpayer and others), together with sections 20B, 20BB and 20D(3) of that Act so far as they relate to section 20, shall be deemed to apply with the modifications set out in sub-paragraph (2) below.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (2) Those modifications are as follows—
- (a) references to a tax liability shall be deemed to be references to a liability to pay an amount of windfall tax;
 - (b) references to an inspector shall be deemed to be references to any officer of the Board and references to the Taxes Acts shall be deemed to be references to this Part;
 - (c) in sections 20(7) and (8H) and 20B(1B) and (6)(b), the words “General or” shall be deemed to be omitted.
- (3) For the purposes of this Part subsection (1) of section 98 of the Management Act (failure to comply with notice) shall apply as if this paragraph were included in the reference in column 1 of the Table in that section to Part III of that Act.

Penalties for furnishing false information

- 14 (1) Where a chargeable company fraudulently or negligently delivers an incorrect return in response to a requirement under paragraph 1 above, that company shall be liable to a penalty of an amount not exceeding the understated amount.
- (2) In sub-paragraph (1) above “the understated amount”, in relation to a return delivered by a chargeable company, means the amount (if any) by which the amount of windfall tax with which that company is charged exceeds the amount set out in the return as the amount with which it is charged.
- (3) For the purposes of this Part—
- (a) subsection (2) of section 98 of the Management Act (penalties for furnishing incorrect information etc.) shall apply as if the provisions of this Schedule (except paragraph 1) were specified in one of the columns of the Table in that section; and
 - (b) section 99 of that Act (penalty for assisting in preparation of incorrect return) shall apply as if the reference in paragraph (a) of that section to tax included a reference to windfall tax.
- (4) Section 97(1) of the Management Act (obligation to correct incorrect return) shall apply for the purposes of this paragraph in relation to a return delivered in response to a requirement under paragraph 1 above as it applies for the purposes of section 96 of that Act in relation to such a return as is mentioned in that section.

Recovery of tax

- 15 (1) The provisions of the Management Act which are set out in sub-paragraph (2) below (which all relate to the recovery of tax) shall apply, subject to the modifications set out in sub-paragraph (3) below, in relation to—
- (a) amounts of windfall tax due from any company,
 - (b) any penalty under this Schedule, or
 - (c) any interest for which a company is liable under paragraph 12 above or 17(5) (g) below,
- as they apply in relation to sums charged by way of tax; and, in the case of amounts falling within paragraph (b) or (c) above, those provisions shall so apply as if those amounts were amounts of tax due and payable under an assessment.
- (2) The provisions applied by sub-paragraph (1) above are—

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (a) section 61 (distrain);
 - (b) sections 63 and 63A (recovery in Scotland);
 - (c) sections 66 to 68 (court proceedings for the recovery of tax);
 - (d) section 70(1) (certificate of non-payment); and
 - (e) section 70A (payment by cheque).
- (3) The modifications mentioned in that sub-paragraph are as follows—
- (a) in all those provisions references to the collector shall be deemed to include references to any other officer of the Board;
 - (b) in section 63, the words “under section 60 of this Act” in subsection (1)(b) shall be deemed to be omitted and so shall subsections (3) and (4); and
 - (c) in section 70A—
 - (i) the reference in subsection (1) to the purposes of the Management Act and the provisions mentioned in subsection (2) of that section shall be deemed to be a reference to the purposes of this Part; and
 - (ii) subsection (2) shall be deemed to be omitted.

Recovery against other group members

- 16 (1) Subject to sub-paragraph (3) below, where any amount of windfall tax with which a company is charged is not paid before the end of the period of six months beginning with the time by which it was required to be paid under paragraph 3 above (“the six month period”), any company falling within sub-paragraph (2) below may be assessed (in the name of the chargeable company) to all or any part of the unpaid windfall tax with which the chargeable company is charged.
- (2) A company falls within this sub-paragraph if it is one or other or both of the following, that is to say—
- (a) a member of the same group as the chargeable company at the end of the six month period; or
 - (b) a company which has been a member of the same group as the chargeable company at some time on or after 2nd July 1997 and before the end of the six month period.
- (3) A company shall not be assessed under sub-paragraph (1) above to any amount of windfall tax at any time more than two years after that company first became assessable to that amount under that sub-paragraph.
- (4) This Schedule shall have effect for the purposes of, and in relation to, an assessment under sub-paragraph (1) above as if the amount to which a company is assessable under this paragraph were an amount of windfall tax with which that company is charged.
- (5) Where, by virtue of this paragraph, any company (“the group member”) pays any amount of windfall tax with which another company (“the charged company”) is charged—
- (a) that payment shall discharge the liability of the charged company to pay that amount of windfall tax; but
 - (b) the group member shall be entitled to recover from the charged company the whole amount paid, together with any interest paid by the group member on that amount by virtue of paragraph 12 above.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

General provisions about penalties etc.

- 17 (1) Where a company which has become liable to a tax-geared penalty subsequently becomes liable to another such penalty, the amount or, as the case may be, maximum amount of the subsequent penalty shall be treated as reduced so that the aggregate of the tax-geared penalties to which the company has become liable does not exceed the greater or greatest of them.
- (2) In sub-paragraph (1) above “tax-geared penalty” means (subject to sub-paragraph (3) below)—
- (a) a penalty under paragraph 2(1) or 14(1) above, or
 - (b) a penalty under paragraph 2(2) above falling within paragraph 2(3)(b) or (c) above.
- (3) Where a company has become liable to both—
- (a) a penalty falling within paragraph 2(3)(b) above, and
 - (b) a penalty falling within paragraph 2(3)(c) above,
- the aggregate of those penalties shall be treated as only one tax-geared penalty for the purposes of sub-paragraph (1) above.
- (4) The provisions of the Management Act set out in sub-paragraph (5) below shall apply, subject to the modifications set out in sub-paragraph (6) below, in relation to penalties under this Schedule as they apply in relation to the penalties mentioned in those provisions.
- (5) The provisions applied by sub-paragraph (4) above are—
- (a) section 100 (determination of penalties);
 - (b) section 100A(2) and (3) (provision supplementary to section 100);
 - (c) section 100C (penalty proceedings before Commissioners);
 - (d) section 100D (penalty proceedings before courts);
 - (e) section 102 (mitigation of penalties);
 - (f) section 103 (time limit for penalty proceedings); and
 - (g) section 103A (interest on penalties).
- (6) The modifications mentioned in that sub-paragraph are—
- (a) in section 100(2), for the words from “a penalty” onwards there shall be deemed to be substituted a reference to a penalty by virtue of paragraph 13(3) above;
 - (b) subsection (6) of section 100 shall be deemed to be omitted;
 - (c) in section 100A(3), the reference to tax shall be deemed to be a reference to windfall tax;
 - (d) in section 100C(1), the words “General or” shall be deemed to be omitted; and
 - (e) in section 103, the references to tax in subsection (1) shall be deemed to be references to windfall tax, and subsection (2) shall be deemed to be omitted.
- (7) An appeal may be brought against any determination under section 100 of the Management Act of a penalty under this Schedule.
- (8) Subject to sub-paragraph (9) below, the provisions of this Schedule relating to an appeal against an assessment to windfall tax shall apply (with the necessary modifications) in relation to any appeal under sub-paragraph (7) above.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (9) Paragraph 10 above shall not apply to an appeal under sub-paragraph (7) above and the powers of the Special Commissioners on an appeal under that sub-paragraph shall be those set out in section 100B(2)(a) and (b) of the Management Act.
- (10) Subsection (3) of section 100B of the Management Act (further appeals) shall apply where there has been an appeal under sub-paragraph (7) above as it applies where there has been an appeal under subsection (1) of that section.
- (11) The liabilities of any person under this Part shall be without prejudice to any criminal liability arising in relation to the same matter.

Miscellaneous applications

- 18 (1) The provisions of the Management Act which are set out in sub-paragraph (2) below shall apply for the purposes of this Schedule—
- (a) as they apply for the purposes of the enactments for the purposes of which they have effect apart from this paragraph; but
- (b) as if any reference in those provisions to a tax included a reference to windfall tax.
- (2) Those provisions are—
- (a) section 75 (receivers);
- (b) section 105 (evidence in cases of fraudulent conduct);
- (c) section 108 (company officers);
- (d) section 112 (lost documents etc.);
- (e) section 113(3) (prescription of form of assessments, penalty determinations);
- (f) section 114 (provision for errors not to invalidate an assessment);
- (g) section 115 (delivery and service of documents) and the regulations made under that section; and
- (h) section 118(2) and (4) (extensions of time, reasonable excuse for delay and finality of assessments).

Interpretation

PROSPECTIVE

- 19 (1) In this Schedule—
- “the Board” means the Commissioners of Inland Revenue;
- “chargeable company” means a company which, on 2nd July 1997, was benefitting from a windfall from the flotation of an undertaking whose privatisation involved the imposition of economic regulation;
- “group” means a parent undertaking (within the meaning of the ^{M11}Companies Act 1985 or the ^{M12}Companies (Northern Ireland) Order 1986), together with all of its subsidiary undertakings;
- “the Management Act” means the ^{M13}Taxes Management Act 1970;
- “notice” means notice in writing;
- “Special Commissioners” has the same meaning as in the Tax Acts.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (2) In this Schedule references to the repayment of an amount of windfall tax include references to making an allowance by way of set-off of an amount of windfall tax against any liability.
- (3) References in this Schedule to a penalty under this Schedule include references to a penalty under a provision of the Management Act as applied by this Schedule.

Marginal Citations

- M11** 1985 c. 6.
- M12** S.I. 1986/1032 (N.I. 6).
- M13** 1970 c. 9.

SCHEDULE 3

Section 23.

INSURANCE COMPANIES AND FRIENDLY SOCIETIES

Section 76 of the Taxes Act 1988

F1

Textual Amendments

- F1** Sch. 3 para. 1 repealed (22.7.2004) (with effect in accordance with s. 42 of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(3)

Section 432E of the Taxes Act 1988

- 2 (1) In section 432E of the Taxes Act 1988 (section 432B apportionment: participating funds) paragraph (b) of subsection (6) (which provides for the adjustment of the net amount referable to overseas life assurance business) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Section 434 of the Taxes Act 1988

- 3 (1) Section 434 of the Taxes Act 1988 (franked investment income etc) shall be amended as follows.
- (2) For subsection (1) (nothing in section 208 prevents franked investment income or foreign income dividends from being taken into account in computations made for the purposes of section 89(7) of the ^{M14}Finance Act 1989 or section 76(2)) there shall be substituted—
 - “(1) Section 208 shall not apply in relation to—
 - (a) the charge to corporation tax on the life assurance profits of an insurance company computed in accordance with the provisions of this Act applicable to Case I of Schedule D; or
 - (b) any computation of such profits in accordance with those provisions.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

(1A) Paragraph 2 of Schedule F shall not have effect for the purposes of subsection (1)(a) or (b) above, but this subsection shall not apply in relation to distributions in respect of which an insurance company is entitled to a tax credit under section 441A.

(1B) The reference in subsection (1) above to the life assurance profits of an insurance company is a reference to the profits of the company—
 (a) in respect of its life assurance business; or
 (b) in respect of any category of life assurance business which it carries on.”

F2(3)

F2(4)

(5) Sub-paragraph (2) above has effect in relation to distributions made on or after 2nd July 1997.

F2(6)

F2(7)

(8) In determining, for the purposes of any claim under section 242 of the Taxes Act 1988 made by virtue of section 434(3) of that Act for an accounting period beginning before 2nd July 1997 and ending on or after that date, the policy holders’ share of the franked investment income from investments held in connection with an insurance company’s life assurance business, there shall be left out of account any distributions which are made on or after 2nd July 1997.

(9) Any amount which, by virtue of sub-paragraph (8) above, is treated as a surplus of franked investment income for the purposes of any such claim as is mentioned in that sub-paragraph shall be disregarded for the purposes of section 20(4) of this Act.

Textual Amendments

F2 Sch. 3 para. 3(3)(4)(6)(7) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) of the amending Act) by 1998 c. 36, s. 165, Sch. 3, Sch. 27 Pt. III(2) Note

Marginal Citations

M14 1989 c. 26.

Section 434A of the Taxes Act 1988

4 (1) In section 434A of the Taxes Act 1988 (computation of losses and limitation on relief) subsection (1) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.

(2) This paragraph has effect for accounting periods beginning on or after 2nd July 1997.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

PROSPECTIVE

Section 436 of the Taxes Act 1988

- 5 (1) In section 436 of the Taxes Act 1988 (pension business: separate charge on profits) in subsection (3), paragraphs (d) and (e) (which make provision, for the purposes of the computation of profits arising from pension business, for group income and non-qualifying distributions to be left out of account) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Section 438 of the Taxes Act 1988

- 6 (1) Section 438 of the Taxes Act 1988 (pension business: exemption from tax) shall be amended as follows.
- (2) Subsections (3) and (3AA) (which fall as a result of new section 434(1) to (1B)) shall cease to have effect.
- (3) For subsection (4) (which makes provision in relation to the payment of tax credits) there shall be substituted—
- “(4) This section shall be disregarded in determining, in relation to an insurance company which is entitled to a tax credit in respect of a distribution, whether the condition in paragraph (a) or (b) of section 231(2) is satisfied.”
- (4) Subsection (5) (which falls with the substitution of subsection (4)) shall cease to have effect.
- (5) Subsections (6) to (7) (which fall with the repeal of subsections (3), (3AA) and (5) and the substitution of subsection (4)) shall cease to have effect.
- (6) Subsection (9) (which falls with the repeal of subsections (6), (6B) and (6E) and the repeal of section 440B(2)) shall cease to have effect.
- (7) Sub-paragraphs (2) to (4) above have effect in relation to distributions made on or after 2nd July 1997.
- (8) Sub-paragraphs (5) and (6) above have effect for accounting periods beginning on or after 2nd July 1997.
- (9) In determining, for the purposes of subsections (6) to (7) of section 438 of the Taxes Act 1988, the franked investment income of, or foreign income dividends arising to, an insurance company for an accounting period beginning before 2nd July 1997 and ending on or after that date, there shall be left out of account any distributions which are made on or after 2nd July 1997.

Section 439B of the Taxes Act 1988

- 7 (1) In section 439B of the Taxes Act 1988 (life reinsurance business: separate charge on profits) subsection (7) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Section 440B of the Taxes Act 1988

- 8 (1) Section 440B of the Taxes Act 1988 (modifications where tax charged under Case I of Schedule D) shall be amended as follows.
- (2) Subsection (1A) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.
- (3) Subsection (2) (which falls with the repeal of section 438(6), (6B) and (6E)) shall cease to have effect.
- (4) Sub-paragraph (2) above has effect in relation to distributions made on or after 2nd July 1997.
- (5) Sub-paragraph (3) above has effect for accounting periods beginning on or after 2nd July 1997.

PROSPECTIVE

Section 441A of the Taxes Act 1988

F39

Textual Amendments

- F3 Sch. 3 para. 9 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F4F4F4F4F5F5F5F5 Schedule 19AB to the Taxes Act 1988^{F6F6}

Textual Amendments

- F4 Sch. 3 para. 11 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)
- F5 Sch. 3 para. 12 repealed (11.5.2001 with effect as mentioned in the note to Sch. 33 Pt. 2(12) of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)
- F6 Sch. 3 para. 10 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)

10

11

12

Schedule 19AC to the Taxes Act 1988

F713

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Textual Amendments

- F7** [Sch. 3 para. 13](#) repealed (31.12.2006) (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, [Sch. Pt. 1](#)

Section 89 of the Finance Act 1989

- 14 (1) Section 89 of the ^{M15}Finance Act 1989 (policy holders' share of profits) shall be amended as follows.
- (2) In subsection (2)—
- (a) paragraph (a) (which provides for Case I profits to be reduced by unrelieved franked investment income in respect of which an election under section 438(6) has been made) shall cease to have effect;
- (b) in paragraph (b) (which provides for Case I profits to be reduced by the shareholders' share of any other unrelieved franked investment income from investments held in connection with life assurance business)—
- (i) the words “other unrelieved” shall cease to have effect; and
- (ii) for “from investments held in connection with the company's life assurance business” there shall be substituted “ which is referable to the company's basic life assurance and general annuity business ”; and
- (c) in paragraph (c) (which provides for Case I profits to be reduced by the shareholders' share of foreign income dividends in respect of such investments) for “in respect of investments held in connection with the company's life assurance business” there shall be substituted “ which are referable to the company's basic life assurance and general annuity business ”.
- (3) Subsection (8) (meaning of “unrelieved” franked investment income) shall cease to have effect.
- (4) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Marginal Citations

- M15** [1989 c. 26](#).

Section 65 of the Finance (No.2) Act 1992

- 15 In section 65 of the ^{M16}Finance (No.2) Act 1992 (life assurance business: I minus E) in subsection (2) (meaning of relevant provisions) before paragraph (a) there shall be inserted—
- “(aa) section 434(1) and (1A) of the Taxes Act 1988 (section 208 not to apply in relation to life assurance profits computed in accordance with Case I of Schedule D etc);
- (ab) section 434(1C) and (1D) of the Taxes Act 1988 (which makes corresponding provision in relation to overseas life insurance companies and is notionally inserted by paragraph 9(1) of Schedule 19AC to that Act);”.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Marginal Citations

M16 1992 c. 48.

SCHEDULE 4

Section 34.

TAX CREDITS, TAXATION OF DISTRIBUTIONS ETC

Modifications etc. (not altering text)

C1 Sch. 4 applied (with modifications) (temp. from 6.4.1999 to 6.4.2004) by S.I. 1998/1871, reg. 4

PART I

GENERAL

THE TAXES MANAGEMENT ACT 1970

Section 7

- 1 (1) In section 7 of the ^{M17}Taxes Management Act 1970 (notice of liability to income tax and capital gains tax) in subsection (6) (sources of income which fall within that subsection) after the words “other than the basic rate” there shall be inserted “ , the Schedule F ordinary rate ”.
- (2) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M17 1970 c. 9.

Section 42 (pre-corporation tax self-assessment version)

Modifications etc. (not altering text)

C2 Sch. 4 para. 2 modified (31.7.1998) by 1998 c. 36, s. 90(2)(b)

- 2 (1) In section 42 of the Taxes Management Act 1970 (procedure for making claims), as it has effect in relation to corporation tax for accounting periods ending before the day appointed under section 199 of the ^{M18}Finance Act 1994, the following provisions shall cease to have effect—
- (a) in subsection (5) (form of claim) the words “Subject to subsection (5A) below,”;
 - (b) subsection (5A) (claims by companies for payment of tax credits); and

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

(c) subsection (10A) (extended meaning of terms used in subsection (5A)).

(2) This paragraph has effect in relation to tax credits in respect of distributions made on or after 6th April 1999.

Marginal Citations

M18 1994 c. 9.

Section 42 (corporation tax self-assessment version)^{F8F8}

Textual Amendments

F8 Sch. 4 para. 3 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28)) by 1998 c. 36, ss. 117, 165, Sch. 27 Pt. III(28) Note

Modifications etc. (not altering text)

C3 Sch. 4 para. 3 modified (31.7.1998) by 1998 c. 36, s. 90(2)(a)

3 (1) In section 42 of the Taxes Management Act 1970 (procedure for making claims), as it has effect in relation to corporation tax for accounting periods ending on or after the day appointed under section 199 of the Finance Act 1994, the following provisions shall cease to have effect—

- (a) subsections (4) and (4A) (claims by companies for payment of tax credits); and
- (b) in subsection (5), the words from “and the reference in subsection (4) above” onwards.

(2) This paragraph has effect in relation to tax credits in respect of distributions made on or after 6th April 1999.

THE TAXES ACT 1988

Section 231

^{F9}4

Textual Amendments

F9 Sch. 4 para. 4 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 3 (with Sch. 2)

Section 232

^{F10}5

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Textual Amendments

F10 Sch. 4 para. 5 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Section 233

^{F11}6

Textual Amendments

F11 Sch. 4 para. 6 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Sections 235 to 237

- 7 (1) Sections 235 to 237 of the Taxes Act 1988 (distributions of exempt funds and bonus issues) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 238^{F12F12}

Textual Amendments

F12 Sch. 4 para. 8 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) Note of the amending Act) by 1998 c. 36, ss. 31, 165, Sch. 3 para. 45, [Sch. 27 Pt. III\(2\)](#) Note

8

Section 241^{F13F13}

Textual Amendments

F13 Sch. 4 para. 9 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) Note of the amending Act) by 1998 c. 36, ss. 31, 165, Sch. 3 para. 46, [Sch. 27 Pt. III\(2\)](#) Note

9

Section 249

^{F14}10

Textual Amendments

F14 Sch. 4 para. 10 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 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Section 421

- 11 (1) In section 421 of the Taxes Act 1988 (taxation of borrower when loan under s.419 released etc) in subsection (1)—
- (a) in paragraphs (a) and (b), for the words “lower rate”, in both places where they occur, there shall be substituted “Schedule F ordinary rate”;^{F15} ...
 - ^{F15}(b)
- (2) This paragraph has effect in relation to the release or writing off of the whole or part of a debt on or after 6th April 1999.

Textual Amendments

F15 Sch. 4 para. 11(1)(b) and preceding word repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with Sch. 2)

Section 469

^{F16}12

Textual Amendments

F16 Sch. 4 para. 12 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with Sch. 2)

Section 549

^{F17}13

Textual Amendments

F17 Sch. 4 para. 13 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with Sch. 2)

Section 660C

^{F18}14

Textual Amendments

F18 Sch. 4 para. 14 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with Sch. 2)

Section 687

^{F19}15

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Textual Amendments

F19 Sch. 4 para. 15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Section 689B

16 (1) Section 689B of the Taxes Act 1988 (order in which expenses of trustees are to be set against income) shall be amended as follows.

(2) In subsection (1)—

- (a) in paragraph (a) (set against income within subsection (2) or (3) before other income) after “subsection (2)” there shall be inserted “, (2A) ”;
- (b) in paragraph (b) (set against income within subsection (2) before subsection (3)) after “subsection (2)” there shall be inserted “ or (2A) ”; and
- (c) at the end of paragraph (b) there shall be added “and
 - (c) as set against so much (if any) of any income as is income falling within subsection (2) below before being set against income falling within subsection (2A) below”.

^{F20}(3)

(4) After subsection (2) there shall be inserted—

“(2A) Income falls within this subsection if it is income to which section 1A applies by virtue of its being equivalent foreign income falling within subsection (3) (b) of that section and chargeable under Case V of Schedule D.”

(5) In subsection (3) (income to which section 1A applies but which does not fall within subsection (2) of s.689B) after “subsection (2)” there shall be inserted “ or (2A) ”.

(6) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Textual Amendments

F20 Sch. 4 para. 16(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Section 699

^{F21}17

Textual Amendments

F21 Sch. 4 para. 17 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 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Section 703^{F22F22}

Textual Amendments

F22 Sch. 4 para. 18 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) Note of the amending Act) by 1998 c. 36, ss. 31, 165, Sch. 3 para. 47, Sch. 27 Pt. III(2) Note

18

Section 709

19 (1) In section 709 of the Taxes Act 1988 (meaning of tax advantage etc) in subsection (2A) (references to a relief and to repayment of tax to include references to a tax credit and payment of any amount in respect of a tax credit) the words “and to a repayment of tax”, “respectively” and “and to a payment of any amount in respect of a tax credit” shall be omitted.

(2) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Section 743

^{F23}20

Textual Amendments

F23 Sch. 4 para. 20 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

Section 819

21 (1) In section 819 of the Taxes Act 1988 (old references to standard rate tax) in subsection (2)—

- (a) after “(so far as applicable in accordance with section 1A) the lower rate” there shall be inserted “ or the Schedule F ordinary rate ”; and
- (b) for “any higher rate” there shall be substituted “ the higher rate and the Schedule F upper rate ”.

(2) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Section 832

^{F24}22

Textual Amendments

F24 Sch. 4 para. 22 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Schedule 13^{F25F25}

Textual Amendments

F25 Sch. 4 para. 23 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) Note of the amending Act) by 1998 c. 36, ss. 31, 165, Sch. 3 para. 48, **Sch. 27 Pt. III(2)** Note

23

THE TAXATION OF CHARGEABLE GAINS ACT 1992

Section 4

- 24 (1) Section 4 of the ^{M19}Taxation of Chargeable Gains Act 1992 (rates of capital gains tax) shall be amended as follows.
- (2) In subsection (2) (case where income tax is chargeable at the higher rate on part of income of an individual) after “the higher rate”, where first occurring, there shall be inserted “ or the Schedule F upper rate ”.
- (3) In subsection (3) (case where income tax is not chargeable at the higher rate on income of an individual but his gains exceed the unused basic rate band) after “the higher rate”, where first occurring, there shall be inserted “ or the Schedule F upper rate ”.

^{F26}(4)

^{F26}(5)

- (6) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Textual Amendments

F26 Sch. 4 para. 24(4)(5) repealed (27.7.1999 with effect for the years 1999-2000 and subsequent years of assessment) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(1)** Note

Marginal Citations

M19 1992 c. 12.

Section 6

- 25 (1) In section 6 of the ^{M20}Taxation of Chargeable Gains Act 1992 (other special cases) in subsection (3) (cases where income includes gains on policies of life insurance etc) in paragraph (b) after “as if no income were chargeable at the higher rate” there shall be inserted “ or the Schedule F upper rate ”.
- (2) This paragraph has effect for the year 1999-00 and subsequent years of assessment.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

Marginal Citations

M20 1992 c. 12.

PART II

INSURANCE COMPANIES AND LLOYD'S UNDERWRITERS

THE TAXES ACT 1988

Section 231B

- 26 (1) In section 231B of the Taxes Act 1988, in subsection (4)(b), the words “or 441A(7)” shall be omitted.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 434

^{F27}27

Textual Amendments

F27 Sch. 4 para. 27 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Section 441A

- 28 (1) In section 441A, subsections (2) to (8) (regulations about tax credits to which insurance companies are entitled) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Schedule 19AC

- 29 (1) Schedule 19AC to the Taxes Act 1988 (overseas life insurance companies) shall be amended as follows.
- (2) In paragraph 9(1) (which notionally inserts subsections (1C) to (1E) into section 434 of the Taxes Act 1988) in the notionally inserted subsection (1D), the words from “but this subsection” onwards shall cease to have effect.
- (3) Paragraph 11A(2) (which modifies section 441A(2) and (3) of the Taxes Act 1988) shall cease to have effect.
- (4) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Status: Point in time view as at 06/04/2007.

*Changes to legislation: There are currently no known outstanding effects
for the Finance (No. 2) Act 1997. (See end of Document for details)*

THE FINANCE ACT 1993

Schedule 20

PROSPECTIVE

- 30 (1) In Schedule 20 to the ^{M21}Finance Act 1993 (Lloyd’s underwriters: special reserve funds) the following provisions shall cease to have effect—
- (a) paragraph 9(3) (claims for payment of tax credits); and
 - (b) in paragraph 11(3)(c) (value of fund as increased by tax repayment or tax credit received under paragraph 9(2) or (3)) the words “or tax credit received” and “or (3)”.
- (2) Sub-paragraph (1) above has effect in relation to distributions made on or after 6th April 1999.

Marginal Citations

M21 1993 c. 34.

SCHEDULE 5

Section 35.

LIMITATION OF ENTITLEMENT TO RELIEF UNDER SECTION 35

PART I

QUALIFYING DISTRIBUTIONS OTHER THAN BONUS ISSUES

- 1 This Part of this Schedule applies where a person (“the claimant”)—
- (a) would, apart from paragraph 2 below, be entitled to a payment under section 35(1) of this Act in respect of a distribution, and
 - (b) his holding (together with any associated holding) of any one class of the shares, securities or rights by virtue of which he is entitled to the distribution amounts to not less than 10 per cent of that class.
- 2 Where this Part of this Schedule applies, if any part of the distribution is not a part—
- (a) to which profits arising after the date of acquisition are attributable in accordance with section 236 of the Taxes Act 1988, or
 - (b) in relation to which the date of acquisition is earlier than 6th April 1965,
- then no payment under section 35(1) of this Act shall be made to the claimant in respect of the distribution.
- 3 This Part of this Schedule applies to any qualifying distribution except any amount which is treated as such in accordance with section 209(3) or sections 210 and 211 of the Taxes Act 1988.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- 4 Notwithstanding the repeal of sections 235 and 236 of the Taxes Act 1988 by this Act, section 236 of the Taxes Act 1988 as it applies in relation to distributions made before 6th April 1999 shall continue to apply for the purposes of this Part of this Schedule as it applies for the purposes of section 235 of the Taxes Act 1988 in relation to such distributions.
- 5 For the purposes of this Part of this Schedule and section 236 of the Taxes Act 1988 as it applies by virtue of paragraph 4 above, the date of acquisition, in relation to any part of a distribution or profits attributable to it, is the date on which the shares, securities or rights by virtue of which a person is entitled to that part were acquired by him.

PART II

BONUS ISSUES

- 6 A person (“the claimant”) who receives an amount treated as a distribution by virtue of section 209(3), 210 or 211(1) of the Taxes Act 1988 (“a bonus issue”) shall not be entitled to a payment under section 35(1) of this Act in respect of that distribution, except to the extent that paragraph 7 below otherwise provides.
- 7 Paragraph 6 above shall not affect a person’s entitlement to a payment under section 35 of this Act in respect of that part (if any) of a bonus issue made in respect of any shares or securities which, if it had been declared as a dividend, would represent a normal return to the claimant—
- (a) on the consideration provided by him for the relevant shares or securities, that is to say, those in respect of which the bonus issue was made; and
 - (b) if the relevant shares or securities are derived from shares or securities previously acquired by the claimant, on the shares or securities which were previously acquired.
- 8 For the purposes of paragraph 7 above—
- (a) if the consideration provided by the claimant for any of the relevant shares or securities was in excess of their market value at the time he acquired them, or if no consideration was provided by him for any of the relevant shares or securities, the claimant shall be taken to have provided for those shares or securities consideration equal to their market value at the time he acquired them; and
 - (b) in determining whether an amount received by way of dividend exceeds a normal return, regard shall be had to the length of time previous to the receipt of that amount since the claimant first acquired any of the relevant shares or securities and to any dividends and other distributions made in respect of them during that time.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

SCHEDULE 6

Section 36.

FOREIGN INCOME DIVIDENDS

Section 13 of the Taxes Act 1988

- 1 (1) Section 13 of the Taxes Act 1988 (small companies' relief) shall be amended as follows.
- (2) In subsection (7) (profits of a company for an accounting period to include foreign income dividends) the words "and with the addition of foreign income dividends arising to the company" shall cease to have effect.
- (3) Subsection (8A) (definition of "foreign income dividends") shall cease to have effect.
- (4) This paragraph has effect for accounting periods beginning on or after 6th April 1999.

Section 75 of the Taxes Act 1988

F28₂

Textual Amendments

F28 Sch. 6 para. 2 repealed (22.7.2004) (with effect in accordance with s. 42 of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(3)

Chapter VA of Part VI of the Taxes Act 1988

- 3 (1) Sections 246A to 246Y of the Taxes Act 1988 (foreign income dividends) shall cease to have effect.
- (2) The repeal of sections 246A to 246E and 246G of the Taxes Act 1988 has effect in relation to distributions made on or after 6th April 1999.
- (3) The repeal of sections 246F, 246H to 246J and 246N to 246Y of the Taxes Act 1988 has effect for accounting periods beginning on or after 6th April 1999.
- (4) The repeal of sections 246K to 246M of the Taxes Act 1988 has effect for accounting periods of the parent (within the meaning of those sections) beginning on or after 6th April 1999.

Section 247 of the Taxes Act 1988

- 4 (1) In section 247 of the Taxes Act 1988 (dividends etc paid by one member of a group to another) subsections (5A) to (5D) (which relate to foreign income dividends) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 431 of the Taxes Act 1988

- 5 (1) In section 431(2) of the Taxes Act 1988 (interpretation of Chapter I of Part XII) the definition of "foreign income dividends" shall cease to have effect.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (2) This paragraph has effect for accounting periods beginning on or after 6th April 1999.

Section 434 of the Taxes Act 1988

- 6 (1) Section 434 of the Taxes Act 1988 (franked investment income etc) shall be amended as follows.
- (2) Subsections (3B) to (3D) (which relate to foreign income dividends) shall cease to have effect.
- (3) In subsection (6A), paragraphs (aa) to (ac) (which define expressions used in subsections (3B) to (3D)) shall cease to have effect.
- (4) This paragraph has effect for accounting periods beginning on or after 6th April 1999.

Section 458 of the Taxes Act 1988

- 7 (1) In section 458 of the Taxes Act 1988 (capital redemption business) in subsection (2) (certain foreign income dividends treated as part of profits in ascertaining loss) the words “and foreign income dividends arising to” shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Chapter III of Part XII of the Taxes Act 1988

- 8 (1) In section 468H of the Taxes Act 1988 (interpretation of sections 468I to 468R)—
- (a) subsection (5) (construction of references to foreign income dividends) shall cease to have effect; and
 - (b) in subsection (6), for “to 468R” there shall be substituted “ to 468Q ”.
- (2) In section 468I of the Taxes Act 1988 (distribution accounts)—
- (a) in subsection (2), the words “which are not foreign income dividends” shall cease to have effect; and
 - (b) subsections (3), (5), (5A) and (7) shall cease to have effect.
- (3) In section 468J of the Taxes Act 1988 (dividend distributions)—
- (a) in subsection (1), the words “or a part of the total amount” and “which are not foreign income dividends” shall cease to have effect;
 - (b) in subsection (2), the words “or, as the case may be, the part” shall cease to have effect; and
 - (c) subsection (3) shall cease to have effect.
- (4) Section 468K of the Taxes Act 1988 (foreign income distributions) shall cease to have effect.
- (5) In section 468M of the Taxes Act 1988 (deduction of tax: simple case) in subsection (5) (definition of “eligible income”) paragraph (c) shall cease to have effect.
- (6) In section 468Q of the Taxes Act 1988 (dividend distribution to corporate unit holder)
- (a) in subsection (2)(a), the words “a foreign income distribution” shall cease to have effect;
 - (b) in subsection (3)—

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

(i) for the formula there shall be substituted the following formula—

$$U = \frac{A \times C}{D}$$

(ii) the definition of “B” shall cease to have effect; and

(c) subsection (4) shall cease to have effect.

- (7) Section 468R of the Taxes Act 1988 (foreign income distribution to corporate holder) shall cease to have effect.
- (8) Sub-paragraphs (1)(a), (5) and (6) above have effect for distribution periods beginning on or after 6th April 1999.
- (9) Sub-paragraphs (1)(b), (2) to (4) and (7) above have effect for distribution periods the distribution date for which falls on or after 6th April 1999.

Section 490 of the Taxes Act 1988

- 9 (1) Section 490 of the Taxes Act 1988 (companies carrying on a mutual business or not carrying on a business) shall be amended as follows.
- (2) In subsection (1) (which contains a reference to foreign income dividends) the words “or out of foreign income dividends” shall cease to have effect.
- (3) In subsection (4) (which contains a reference to foreign income dividends) the words “or foreign income dividends” shall cease to have effect.
- (4) Subsection (5) (definition of “foreign income dividends”) shall cease to have effect.
- (5) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 687 of the Taxes Act 1988

- 10 (1) In section 687 of the Taxes Act 1988 (payments under discretionary trusts) in subsection (3), paragraph (aaa) (which concerns any sums treated under section 246D(4) as income of trustees) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 689B of the Taxes Act 1988

- 11 (1) In section 689B of the Taxes Act 1988 (order in which expenses to be set against income) in subsection (2)(b) the words “246D(4) or” shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 699A of the Taxes Act 1988

- 12 (1) In section 699A of the Taxes Act 1988 (untaxed sums comprised in the income of the estate)—
- (a) in subsection (1)(a), and
- (b) in subsection (4)(a),
- the word “246D(3)” shall cease to have effect.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 701 of the Taxes Act 1988

- 13 (1) In section 701 of the Taxes Act 1988 (interpretation) in subsection (8) (subsection for section 246D(3) etc) the word “246D(3)” shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 731 of the Taxes Act 1988

- 14 (1) Section 731 of the Taxes Act 1988 (application and interpretation of sections 732 to 734) shall be amended as follows.
- (2) In subsection (9A) (application of references to interest in relation to a qualifying distribution other than a foreign income dividend) the words “other than a foreign income dividend” shall cease to have effect.
- (3) Subsections (9B) to (9D) (which make provision in relation to foreign income dividends) shall cease to have effect.
- (4) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 802 of the Taxes Act 1988

- 15 (1) Section 802 of the Taxes Act 1988 (UK insurance companies trading overseas) shall be amended as follows.
- (2) In subsection (2) (which contains a reference to foreign income dividends) the words “foreign income dividends” shall cease to have effect.
- (3) Subsection (4) (definition of “foreign income dividends”) shall cease to have effect.
- (4) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Schedule 13 to the Taxes Act 1988

- 16 (1) Schedule 13 to the Taxes Act 1988 shall be amended as follows.
- (2) In paragraph 1 (duty to make returns), in sub-paragraph (1)—
- (a) paragraph (b) (duty to make returns of foreign income dividends paid and received) shall cease to have effect;
 - (b) in paragraph (c), the words “and foreign income dividends paid” shall cease to have effect; and
 - (c) the words following paragraph (c) (construction of references to foreign income dividends) shall cease to have effect.
- (3) In sub-paragraph (4) of that paragraph—
- (a) the word “4A(2),” and
 - (b) paragraph (b) and the word “and” immediately preceding it, shall cease to have effect.
- (4) In paragraph 2 (content of returns)—
- (a) in sub-paragraph (1)—

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (i) for “paragraphs 7(2), 3A(2) and 9A(2)” there shall be substituted “paragraph 7(2)”; and
 - (ii) paragraphs (d) to (f) (which require the return to include information in relation to foreign income dividends) shall cease to have effect; and
 - (b) sub-paragraphs (5) and (6) (which supplement paragraphs (e) and (f) of sub-paragraph (1)) shall cease to have effect.
- (5) In paragraph 3 (payment of tax)—
- (a) in sub-paragraph (1), the words “and foreign income dividends”, and
 - (b) in sub-paragraph (3), the words “or foreign income dividend”,
- shall cease to have effect.
- (6) Paragraphs 3A and 3B (which make provision in relation to international headquarters companies paying foreign income dividends) shall cease to have effect.
- (7) In paragraph 4 (receipt of franked investment income after payment of advance corporation tax) in sub-paragraph (2) the words “or paid any foreign income dividends” shall cease to have effect.
- (8) Paragraph 4A (receipt of foreign income dividends after payment of advance corporation tax) shall cease to have effect.
- (9) Paragraph 6A (claims for set-off in respect of foreign income dividends received by a company) shall cease to have effect.
- (10) In paragraph 7 (qualifying distributions which are not payments and payments of uncertain nature) in sub-paragraph (3) the words “and no foreign income dividend is paid” shall cease to have effect.
- (11) Paragraph 9A (manufactured foreign income dividends) shall cease to have effect.
- (12) Sub-paragraph (2) above has effect for accounting periods beginning on or after 6th April 1999.
- (13) Sub-paragraphs (3) to (10) above have effect for return periods beginning on or after 6th April 1999.
- (14) Sub-paragraph (11) above has effect in relation to manufactured dividends which are representative of dividends paid on or after 6th April 1999.

Schedule 23A to the Taxes Act 1988

- 17 (1) Schedule 23A to the Taxes Act 1988 (manufactured dividends and interest) shall be amended as follows.
- (2) In paragraph 1(1) (interpretation) the definition of “foreign income dividend” shall cease to have effect.
 - (3) In paragraph 2 (manufactured dividends on UK equities: general) in sub-paragraph (6) the words “Subject to paragraph 2B(2)(b) below” shall cease to have effect.
 - (4) Paragraph 2B (manufactured dividends representative of foreign income dividends) shall cease to have effect.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (5) This paragraph has effect in relation to manufactured dividends which are representative of dividends paid on or after 6th April 1999.

Section 88A of the Finance Act 1989

- 18 (1) In section 88A of the ^{M22}Finance Act 1989 (lower corporation tax rate on certain insurance company profits) in subsection (3)—
- (a) paragraph (d)(ii) (which relates to foreign income distributions) shall cease to have effect; and
 - (b) the words “(or by that subsection as applied by section 468R(2) of that Act)” shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Marginal Citations

M22 1989 c. 26.

Section 89 of the Finance Act 1989

- 19 (1) Section 89 of the Finance Act 1989 (policy holders’ share of profits) shall be amended as follows.
- (2) In subsection (2), paragraph (c) (which provides for Case I profits to be reduced by the shareholders’ share of any foreign income dividends from investments held in connection with life assurance business) shall cease to have effect.
 - (3) Subsection (2A) (which explains certain expressions used in subsection (2)(c)) shall cease to have effect.
 - (4) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Section 171 of the Finance Act 1993

- 20 (1) Section 171 of the ^{M23}Finance Act 1993 (taxation of profits and allowance of losses of Lloyd’s underwriters) shall be amended as follows.
- (2) Subsection (2A) (which makes provision in relation to foreign income dividends) shall cease to have effect.
 - (3) This paragraph has effect in relation to distributions made on or after 6th April 1999.

Marginal Citations

M23 1993 c. 34.

Schedule 7 to the Finance Act 1997

- 21 (1) Schedule 7 to the ^{M24}Finance Act 1997 shall be amended as follows.
- (2) Paragraph 2 (distributions treated as FIDs) shall cease to have effect.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (3) Paragraphs 4 to 6 (exceptions for stock options, dividends on fixed rate preference shares and pre-sale distributions) shall cease to have effect.
- (4) Sub-paragraphs (2) and (3) above have effect in relation to distributions made on or after 6th April 1999.

Marginal Citations

M24 1997 c. 16.

Transitional provisions

- 22 (1) Where, in the case of an accounting period of a company beginning before 6th April 1999 and ending on or after 5th April 1999 (“a transitional period”), there would (apart from this sub-paragraph) be such an excess as is mentioned in section 246F(3) of the Taxes Act 1988, no such excess shall be deemed to have arisen.
- (2) In their application in relation to foreign income dividends paid in an accounting period of a company beginning before 6th April 1999, sections 246J(5) and 246K(10) of the Taxes Act 1988 shall have effect as if the reference to any subsequent accounting period—
- (a) included an accounting period which immediately follows a transitional period, but
 - (b) did not include any later accounting period.
- 23 Where a foreign income dividend paid by a company before 6th April 1999—
- (a) is received by a person on or after that date, and
 - (b) is not one in relation to which section 246D of the Taxes Act 1988 applies,
- the recipient shall be treated, for all purposes of the Tax Acts, as receiving instead a qualifying distribution made by a company resident in the United Kingdom of an amount equal to nine tenths of the amount of the foreign income dividend.

SCHEDULE 7

Section 41.

RESTRICTIONS ON GROUP RELIEF

Modifications etc. (not altering text)

C4 Sch. 7 amended (retrospective to 31.7.1997) by 1998 c. 36, s. 81(5)

Introductory

- 1 Chapter IV of Part X of the Taxes Act 1988 (group relief) shall be amended in accordance with paragraphs 2 to 7 below.

New limits

- 2 The following sections shall be inserted after section 403—

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

“403A Limits on group relief.

- (1) The amount which, on a claim for group relief, may be set off against the total profits of the claimant company for an accounting period (“the claim period”), and accordingly the amount to which any consent required in respect of that claim may relate, shall not exceed whichever is the smaller of the following amounts—
 - (a) the unused part of the surrenderable amount for the overlapping period; and
 - (b) the unrelieved part of the claimant company’s total profits for the overlapping period.
- (2) For the purposes of any claim for group relief—
 - (a) the unused part of the surrenderable amount for the overlapping period is the surrenderable amount for that period reduced by the amount of any prior surrenders attributable to the overlapping period; and
 - (b) the unrelieved part of the claimant company’s total profits for the overlapping period is the amount of its total profits for that period reduced by the amount of any previously claimed group relief attributable to the overlapping period.
- (3) For the purposes of any claim for group relief—
 - (a) the surrenderable amount for the overlapping period is so much of the surrenderable amount for the accounting period of the surrendering company to which the claim relates as is attributable, on an apportionment in accordance with section 403B, to the overlapping period;
 - (b) the surrenderable amount for an accounting period of the surrendering company is the total amount for that accounting period of the losses and other amounts which (disregarding this section and section 403C) are available in that company’s case for set off by way of group relief; and
 - (c) the amount of the claimant company’s total profits for the overlapping period is so much of its total profits for the claim period as is attributable, on an apportionment in accordance with section 403B, to the overlapping period.
- (4) In relation to any claim for group relief (“the relevant claim”) the amount of the prior surrenders attributable to the period which is the overlapping period in the case of the relevant claim is equal to the aggregate amount (if any) produced by—
 - (a) taking the amount of every claim for group relief (whether a group claim or a consortium claim) which—
 - (i) has been made before the relevant claim,
 - (ii) was made in respect of the whole or any part of the amount which, in relation to the relevant claim, is the surrenderable amount for the accounting period of the surrendering company to which the claim relates, and
 - (iii) has not been withdrawn;

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (b) treating the amount of group relief which (having regard to the provisions of this section) is allowable under each such claim as an amount of relief for the period which is the overlapping period in the case of that claim;
 - (c) determining how much of each amount treated in accordance with paragraph (b) above as an amount of relief for a particular period is attributable, on an apportionment in accordance with section 403B, to the period (if any) which is common to both—
 - (i) that period; and
 - (ii) the period which is the overlapping period in the case of the relevant claim;
 and
 - (d) aggregating all the amounts determined under paragraph (c) above in respect of the previously made claims.
- (5) In relation to any claim for group relief (“the relevant claim”), the amount of previously claimed group relief attributable to the period which is the overlapping period in the case of that claim is the aggregate amount produced by—
- (a) taking the amount of every claim for group relief (whether a group claim or a consortium claim) which—
 - (i) has been made before the relevant claim,
 - (ii) was a claim to set off an amount by way of group relief against the claimant company’s total profits for the period which, in relation to the relevant claim, is the claim period, and
 - (iii) has not been withdrawn;
 - (b) treating the amount of group relief which (having regard to the provisions of this section) is allowable under each such claim as an amount of relief for the period which is the overlapping period in the case of that claim;
 - (c) determining how much of each amount treated in accordance with paragraph (b) above as an amount of relief for a particular period is attributable, on an apportionment in accordance with section 403B, to the period (if any) which is common to both—
 - (i) that period; and
 - (ii) the period which is the overlapping period in the case of the relevant claim;
 and
 - (d) aggregating all the amounts determined under paragraph (c) above in respect of the previously made claims.
- (6) For the purposes of this section the amount of group relief allowable on any claim (“the finalised claim”) shall fall to be determined as at the time when that claim ceases to be capable of being withdrawn as if—
- (a) every claim that became incapable of being withdrawn before that time were a claim made before the finalised claim; and
 - (b) every claim that remains capable of being withdrawn at that time were a claim made after the finalised claim.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (7) Subject to subsection (6) above and without prejudice to any power to withdraw and resubmit claims, where (but for this subsection) more than one claim for group relief would be taken for the purposes of subsections (4) and (5) above to have been made at the same time, those claims shall be deemed, instead, to have been made—
- (a) in such order as the company or companies making them may, by notice to any officer of the Board, elect or, as the case may be, jointly elect; and
 - (b) if there is no such election, in such order as an officer of the Board may direct.
- (8) In this section “the overlapping period”, in relation to a claim for group relief, means (subject to subsection (9) below and section 406(3) and (7)) the period which is common to both—
- (a) the claim period; and
 - (b) the accounting period of the surrendering company to which the claim relates.
- (9) For the purposes of this section any time in the period which, in relation to any claim for group relief, is common to both the accounting periods mentioned in subsection (8) above but which is a time when the qualifying conditions were not satisfied—
- (a) shall be treated as not comprised in the period which is the overlapping period in the case of that claim; and
 - (b) shall be treated instead, in relation to each of those accounting periods, as if it constituted a part of that accounting period which was not common to both periods.
- (10) For the purposes of subsection (9) above the qualifying conditions are satisfied in relation to any claim for group relief at the following times, that is to say—
- (a) if the claim is a group claim, whenever the claimant company and the surrendering company are both members of the same group; and
 - (b) if the claim is a consortium claim, whenever the conditions specified in section 402(3) for the making of that claim are satisfied in the case of the claimant company and the surrendering company.

403B Apportionments under section 403A.

- (1) Subject to subsection (2) below, where an apportionment falls to be made under section 403A for the purpose of determining how much of an amount for any period (“the first period”) is attributable to any other period (“the second period”) which comprises the whole or a part of the first period—
- (a) the whole of that amount shall be attributed to the second period if the first and second periods begin and end at the same times; and
 - (b) in any other case, the apportionment shall be made on a time basis according to how much of the first period coincides with the second period.
- (2) Where the circumstances of a particular case are such that the making on the time basis mentioned in subsection (1)(b) above of some or all of the apportionments to be made in that case would work in a manner that would

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

be unjust or unreasonable in relation to any person, those apportionments shall be made instead (to the extent only that is necessary in order to avoid injustice and unreasonableness) in such other manner as may be just and reasonable.

403C Special rules for consortium cases.

(1) Where—

- (a) in the case of a consortium claim, the surrendering company is a member of the consortium, and
- (b) the amount produced by multiplying the surrenderable amount for the overlapping period by the relevant fraction is less than the smaller of the amounts given by subsection (1)(a) and (b) of section 403A,

the amount which, on that claim, may be set off against the total profits of the claimant company for the claim period shall not exceed the amount produced by that multiplication.

(2) Where—

- (a) in the case of a consortium claim, the claimant company is a member of the consortium, and
- (b) the amount produced by multiplying the claimant company's total profits for the overlapping period by the relevant fraction is less than the smaller of the amounts given by subsection (1)(a) and (b) of section 403A,

the amount which, on that claim, may be set off against the total profits of the claimant company for the claim period shall not exceed the amount produced by that multiplication.

(3) For the purposes of this section the relevant fraction is the fraction equivalent to—

- (a) in a case falling within subsection (1) above, the surrendering company's member's share in the consortium in the accounting period of that company which is or includes the overlapping period; and
- (b) in a case falling within subsection (2) above, the claimant company's member's share in the consortium in the accounting period of that company which is or includes the overlapping period.

(4) Expressions used in this section and in section 403A have the same meanings in this section as in that section.”

Consequential amendments^{F29F29}

Textual Amendments

F29 Sch. 7 para. 3 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(4) Note of the amending Act) by 1998 c. 36, ss. 38(2)(3), 165, Sch. 27 Pt. III(4) Note

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- 4 In section 405(4) (claims relating to losses of members of both groups and consortia), for the words from “a fraction” to “403(9)(b)” there shall be substituted “ which an amount may by virtue of that claim be set off by way of group relief ”.
- 5 (1) In section 406 (consortium claims by or in relation to group members and consortium companies), in each of subsections (2) and (6) (which refer to the fraction in section 403(9))—
- (a) for “appropriate under section 403(9)” there shall be substituted “ the relevant fraction for the purposes of section 403C ”; and
 - (b) for “that which would be appropriate” there shall be substituted “ it would be ”.
- (2) For subsection (3) of that section there shall be substituted the following subsection—
- “(3) Sections 403A to 403C shall have effect in relation to a consortium claim made by a group member by virtue of subsection (2) above as if any time when the claimant company was not a member of the group—
- (a) were not comprised in the period which is the overlapping period in the case of that claim; and
 - (b) were to be treated instead as if it constituted a part of the claim period which did not coincide with any part of the accounting period of the surrendering company to which the claim relates.”
- (3) For subsection (7) of that section there shall be substituted the following subsection—
- “(7) Sections 403A to 403C shall have effect in relation to a consortium claim made by a consortium company by virtue of subsection (5) above as if any time when the surrendering company was not a member of the group—
- (a) were not comprised in the period which is the overlapping period in the case of that claim; and
 - (b) were to be treated instead as if it constituted a part of the claim period that did not coincide with any part of the accounting period of the surrendering company to which the claim relates.”
- (4) In subsection (8) of that section, for the words from “that fraction” to “409(3)(b)” there shall be substituted “ the maximum amount of relief available to the claimant company ”.
- 6 Sections 408, 409 and 411(2) to (9) (which limit group relief where the accounting periods of the claimant company and the surrendering company do not coincide and where companies join and leave groups and make other provision for excluding double relief) shall cease to have effect.
- 7 In section 413 (interpretation), after subsection (2) there shall be inserted the following subsection—
- “(2A) For the purposes of group relief an accounting period of the claimant company which falls wholly or partly within an accounting period of the surrendering company shall be taken to correspond to that accounting period of the surrendering company.”
- 8 In section 179(4) of the ^{M25}Taxation of Chargeable Gains Act 1992 (which specifies when a gain or loss on de-grouping is deemed to accrue), for the words after paragraph (b) there shall be substituted—

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

“and sections 403A and 403B of the Taxes Act (limits on group relief) shall have effect accordingly as if the actual circumstances were as they are treated as having been.”

Marginal Citations

M25 1992 c. 12.

Commencement

- 9 (1) This Schedule has effect, subject to sub-paragraphs (2) to (4) below, in relation to any claim for group relief if—
- (a) the accounting period of the claimant company for which relief is claimed, or
 - (b) the accounting period of the surrendering company to which that claim relates,
- is an accounting period ending on or after 2nd July 1997.
- (2) This Schedule does not apply in relation to any claim for group relief for which the overlapping period for the purposes of section 403A of the Taxes Act 1988 would be a period falling entirely before 2nd July 1997.
- (3) Where in the case of any claim for group relief the overlapping period begins before but ends on or after 2nd July 1997, the maximum amount which in the claimant’s case is allowable on that claim by way of group relief shall (instead of being determined in accordance with this Schedule) be the amount determined by—
- (a) taking the maximum amount that would have been allowable on that claim if this Schedule had not been enacted; and
 - (b) reducing that amount by the amount (if any) of the relief withdrawn in respect of the part of the claimant company’s accounting period beginning with 2nd July 1997.
- (4) For the purposes of sub-paragraph (3) above the relief withdrawn in respect of the part of the claimant company’s accounting period beginning with 2nd July 1997 is the amount (if any) by which the amount specified in paragraph (a) below exceeds the amount specified in paragraph (b) below, that is to say—
- (a) the maximum amount which would have been allowable by way of group relief on the claimant company’s claim if this Schedule had not been enacted but it were assumed that the qualifying conditions were not satisfied in relation to that claim at any time before 2nd July 1997; and
 - (b) the maximum amount which would be allowable by way of group relief on that claim if that were assumed but relief fell to be given in accordance with Chapter IV of Part X of the Taxes Act 1988 as amended by this Schedule.
- (5) For the purposes of sub-paragraph (4) above an assumption in relation to any claim that the qualifying conditions were not satisfied at a particular time is an assumption that, at that time, the claimant company and the surrendering company—
- (a) were not both members of the same group; and
 - (b) did not satisfy in relation to each other the conditions specified in section 402(3) of the Taxes Act 1988 for the making of a consortium claim.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

SCHEDULE 8

Section 52.

REPEALS

Modifications etc. (not altering text)

- C5** Sch. 8 restricted (31.7.1998 with effect as mentioned in s. 76(1) of the amending Act) by 1998 c. 36, s. 76(5)
Sch. 8 restricted (31.7.1998) by 1998 c. 36, s. 90(4)

PART I

VEHICLE LICENSING: PAYMENTS WHERE INFORMATION TO BE TRANSMITTED ELECTRONICALLY

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	Sections 22(3).

PART II

INCOME TAX AND CORPORATION TAX

(1) Relief for mortgage interest payments

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 353(1G), the words after paragraph (b). In section 369(1A), the words after paragraph (b).

These repeals have effect in accordance with section 15 of this Act.

(2) Medical insurance relief

Chapter	Short title	Extent of repeal
1989 c. 26.	The Finance Act 1989.	Sections 54 to 57.
1994 c. 9.	The Finance Act 1994.	Section 83. Schedule 10.
1996 c. 8.	The Finance Act 1996.	In section 129— (a) paragraph (a) of subsection (1); (b) in subsection (2), the words “section 54(6)(b) of the 1989 Act and”; and

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

(c) subsections (3) and (5).

In Schedule 18—

(a) paragraph 12; and

(b) in paragraph 17, the words “12(2)(a) and (b)” and “12(2)(c) and (3)” wherever occurring and the words “12(2)(d)” in sub-paragraph (8).

These repeals have effect for the year 1997-98 and subsequent years of assessment except in relation to the cases in which the relief that has been or may be given under section 54 of the Finance Act 1989 in respect of any payment is unaffected by the provisions of section 17(1) of this Act.

(3) Corporation tax rates

Chapter	Short title	Extent of repeal
1997 c. 16.	The Finance Act 1997.	Section 58. Section 59(a).

(4) Taxation of distributions: surplus franked investment income

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 6(4), the words “242, 243”. In section 75(5), the words “or against a decision on a claim under section 242”. Sections 242 to 244. In section 704, in paragraph A, sub-paragraph (e). Section 825(4)(d). Section 826(7B).
1990 c. 1.	The Capital Allowances Act 1990.	In Schedule 1, paragraph 8(11).
1991 c. 31.	The Finance Act 1991.	In Schedule 15, paragraphs 5 and 6.
1993 c. 34.	The Finance Act 1993.	In section 78, subsections (8) to (10), and in subsection (11) the words from “but this subsection” to the end.
1995 c. 4.	The Finance Act 1995.	In Schedule 8, in paragraph 18, sub-paragraphs (7) and (8).

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

1996 c. 8.	The Finance Act 1996.	In Schedule 14, paragraph 12.
1997 c. 16.	The Finance Act 1997.	Section 71.

These repeals have effect in accordance with section 20 of this Act (and, accordingly, the repeal of subsection (7B) of section 826 of the Income and Corporation Taxes Act 1988 has effect only where the earlier period mentioned in that subsection begins on or after 2nd July 1997).

(5) Lloyd’s underwriters

Chapter	Short title	Extent of repeal
1993 c. 34.	The Finance Act 1993.	In paragraph 13 of Schedule 19— (a) in sub-paragraph (1), paragraph (b) and the word “or” immediately preceding it; (b) in sub-paragraph (3), the words “or paid” and, in paragraph (a), the words “or (as the case may be) that part of that income which includes the “qualifying distribution”,” (c) sub-paragraph (3A); and (d) sub-paragraph (4A).
1994 c. 9.	The Finance Act 1994.	In section 219(4), the words “(and any associated tax credits)”. In section 221(2), paragraph (b), and paragraph (d) and the word “and” immediately preceding it. In Schedule 21, paragraph 11.

These repeals have effect in relation to distributions made on or after 2nd July 1997.

(6) Insurance companies and friendly societies: repeals other than those relating to self-assessment

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 76(8), the definition of “relevant franked investment income”. In section 432E(6), paragraph (b) and the word “and” immediately preceding it.

Status: Point in time view as at 06/04/2007.

Changes to legislation: *There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)*

In section 434, in subsection (3), the words from “but it may be the subject of a claim” onwards, and, in subsection (8), the words from “or by payment of tax credit” onwards.

Section 434A(1).

In section 436(3), paragraphs (d) and (e).

In section 438, subsections (3), (3AA), (5) to (7) and (9).

Section 439B(7).

Section 440B(1A) and (2).

Section 441A(1).

In paragraph 1 of Schedule 19AB—

(a) in sub-paragraph (1), the words “the aggregate of”, and paragraph (b) and the word “and” immediately preceding it;

(b) in sub-paragraph (7), the words “paid or”, paragraph (b) and the word “and” immediately preceding it, and the words “or in section 42(5A) of the Management Act”;

(c) sub-paragraph (8); and

(d) in sub-paragraph (10), the words “and payments of tax credits” and “or in section 42(5A) of the Management Act”.

In Schedule 19AC, paragraph 2, in paragraph 5(1), the notionally inserted section 76(6B), in paragraph 5B, sub-paragraphs (1) to (3), and paragraphs 9A, 10, 10A, 11A(1), 12(1) and 15(1).

1989 c. 26.

The Finance Act 1989.

In section 89, in subsection (2), paragraph (a) and, in paragraph (b), the

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

1990 c. 29.	The Finance Act 1990.	words “other unrelieved”, and subsection (8). Section 45(9). In Schedule 6, paragraph 5.
1994 c. 9.	The Finance Act 1994.	In Schedule 16, paragraph 6.
1995 c. 4.	The Finance Act 1995.	In Schedule 8, paragraphs 19(2), 28(2), 29, 35(2), 36, 41, 43 and 47.
1996 c. 8.	The Finance Act 1996.	Section 164(2)(b) and (3)(a). In Schedule 14, paragraph 51. In Schedule 27, paragraph 5. In Schedule 34, paragraphs 1(7) and 5(2).

Except for the repeals in Schedule 34 to the Finance Act 1996, these repeals have effect in accordance with the provisions of Schedule 3 to this Act, other than paragraph 11.

(7) Insurance companies and friendly societies: repeals relating to self-assessment

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In paragraph 1 of Schedule 19AB, in sub-paragraph (7), the words “paid or”, paragraph (b) and the word “and” immediately preceding it, and the words “or section 42(4) of the Management Act”. In paragraph 3 of Schedule 19AB— (a) in sub-paragraph (1A), the words “paid or” and “or section 42(4) of the Management Act”, and paragraph (b) and the word “and” immediately preceding it; (b) in sub-paragraph (1B), the words “payments or” and paragraph (b) and the word “or” immediately preceding it; and (c) in sub-paragraph (8), the words “paid or” and paragraph (b) and the word “or” immediately preceding it.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

These repeals have effect in accordance with paragraphs 11 and 12 of Schedule 3 to this Act.

(8) Taxation of dealers in respect of distributions etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 95, in subsection (1A), paragraphs (b) and (d), subsection (1B), in subsection (2), the word “qualifying” in both places where it occurs, and subsections (4) and (5). In section 234(1), the words “but subject to section 95(1A)(c)”. In section 732, subsections (2) and (2A), in subsection (4) the words “on a stock exchange outside the United Kingdom”, and subsections (5) to (7). Section 738(1)(a) and (b). In Schedule 23A, paragraph 2A(2). In Schedule 28B, in paragraph 13(5), paragraph (b) and the word “and” immediately preceding it.
1990 c. 29.	The Finance Act 1990.	Section 53(1).
1991 c. 31.	The Finance Act 1991.	Section 56.
1997 c. 16.	The Finance Act 1997.	In Schedule 7, paragraph 2(3)(a).

- (1) The repeals in sections 95 and 234 of, and Schedule 23A to, the Income and Corporation Taxes Act 1988 and in Schedule 7 to the Finance Act 1997 have effect in accordance with section 24 of this Act.
- (2) The repeals in sections 732 and 738 of the Income and Corporation Taxes Act 1988 and section 53 of the Finance Act 1990, and the repeal of section 56 of the Finance Act 1991, have effect in accordance with section 26 of this Act.
- (3) The repeal in Schedule 28B to the Income and Corporation Taxes Act 1988 has effect in accordance with section 25 of this Act.

(9) Tax credits and Schedule F income

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

1970 c. 9.	The Taxes Management Act 1970.	<p>In section 42, subsections (4) and (4A) and in subsection (5), the words from “and the reference in subsection (4) above” onwards.</p> <p>In section 42, in subsection (5), the words “Subject to subsection (5A) below,” and subsections (5A) and (10A).</p>
1988 c. 1.	The Income and Corporation Taxes Act 1988.	<p>In section 231, subsection (2), in subsection (3), the words from “and subject to” onwards and subsections (3A) to (3D).</p> <p>Section 231A.</p> <p>Section 232(2) and (3).</p> <p>Sections 235 to 237.</p> <p>In section 246(6)(a)(ii) the words “section 231(1) and”.</p> <p>In section 709(2A), the words “and to a repayment of tax”, “respectively” and “and to a payment of any amount in respect of a tax credit”.</p>
1989 c. 26.	The Finance Act 1989.	Section 106.
1990 c. 29.	The Finance Act 1990.	Section 97.
1993 c. 34.	The Finance Act 1993.	In Schedule 6, paragraph 3.
1994 c. 9.	The Finance Act 1994.	In Schedule 9, paragraph 2.
1995 c. 4.	The Finance Act 1995.	Section 107(5) and (6).
1997 c. 16.	The Finance Act 1997.	Section 70.
		In Schedule 7, paragraph 3.
1997 c. 58.	The Finance (No. 2) Act 1997.	Section 19.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

- (1) The repeals in section 42 of the Taxes Management Act 1970 (and the related repeals of section 97 of the Finance Act 1990 and in section 107 of the Finance Act 1995) have effect in accordance with paragraphs 2 and 3 of Schedule 4 to this Act.
- (2) The repeal in section 709 of the Income and Corporation Taxes Act 1988 has effect for the year 1999-00 and subsequent years of assessment.
- (3) The other repeals have effect in relation to distributions made on or after 6th April 1999.

(10) Tax credits etc: insurance companies and Lloyd's underwriters

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 231B, in subsection (4)(b), the words "or 441A(7)". In section 434(1A), the words from "but this subsection" onwards. Section 441A(2) to (8). In Schedule 19AC, in paragraph 9(1), in the notionally inserted section 434(1D), the words from "but this subsection" onwards and paragraph 11A(2).
1993 c. 34.	The Finance Act 1993.	In Schedule 20, paragraph 9(3) and, in paragraph 11(3)(c), the words "or tax credit received" and "or (3)".
1995 c. 4.	The Finance Act 1995.	In Schedule 8, paragraph 31.

These repeals have effect in relation to distributions made on or after 6th April 1999.

(11) Foreign income dividends

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 13, in subsection (7), the words "and with the addition of foreign income dividends arising to the company", and subsection (8A). In section 75, in subsection (2), the words "foreign income dividends", and subsection (6).

Status: Point in time view as at 06/04/2007.

Changes to legislation: *There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)*

Sections 246A to 246Y.

Section 247(5A) to (5D).

In section 431(2), the definition of “foreign income dividends”.

In section 434, subsections (3B) to (3D) and, in subsection (6A), paragraphs (aa) to (ac).

In section 458(2), the words “and foreign income dividends arising to”.

Section 468H(5).

In section 468I, in subsection (2), the words “which are not foreign income dividends”, and subsections (3), (5), (5A) and (7).

In section 468J, in subsection (1), the words “or a part of the total amount” and “which are not foreign income dividends”, in subsection (2), the words “or, as the case may be, the part”, and subsection (3).

Section 468K.

Section 468M(5)(c).

In section 468Q, in subsection (2)(a), the words “a foreign income distribution”, in subsection (3), the definition of “B”, and subsection (4).

Section 468R.

In section 490, in subsection (1), the words “or out of foreign income dividends”, in subsection (4), the words “or foreign income dividends”, and subsection (5).

In section 687(3), paragraph (aaa).

Status: Point in time view as at 06/04/2007.

Changes to legislation: *There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)*

In section 689B(2)(b), the words “246D(4) or”.

In section 699A, in subsections (1)(a) and (4)(a), the word “246D(3)”.

In section 701(8), the word “246D(3)”.

In section 731, in subsection (9A), the words “other than a foreign income dividend”, and subsections (9B) to (9D).

In section 802, in subsection (2), the words “foreign income dividends”, and subsection (4).

In paragraph 1 of Schedule 13—

(a) in sub-paragraph (1), paragraph (b), in paragraph (c) the words “and foreign income dividends paid”, and the words following paragraph (c); and

(b) in sub-paragraph (4), the word “4A(2),”, and paragraph (b) and the word “and” immediately preceding it.

In paragraph 2 of Schedule 13, sub-paragraphs (1)(d) to (f) and (5) and (6).

In paragraph 3 of Schedule 13, in sub-paragraph (1), the words “and foreign income dividends”, and in sub-paragraph (3), the words “or foreign income dividend”.

In Schedule 13, paragraphs 3A and 3B.

In paragraph 4(2) of Schedule 13, the words “or paid any foreign income dividends”.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

		In Schedule 13, paragraphs 4A and 6A.
		In paragraph 7(3) of Schedule 13, the words “and no foreign income dividend is paid”.
		In Schedule 13, paragraph 9A.
		In Schedule 23A, in paragraph 1(1), the definition of “foreign income dividend”, in paragraph 2(6), the words “Subject to paragraph 2B(2)(b) below”, and paragraph 2B.
1989 c. 26.	The Finance Act 1989.	In section 88A(3), paragraph (d)(ii) and the word “or” immediately preceding it, and the words “(or by that subsection as applied by section 468R(2) of that Act)”.
		In section 89, in subsection (2), paragraph (c) and the word “and” immediately preceding it, and subsection (2A).
1993 c. 34.	The Finance Act 1993.	Section 171(2A).
1994 c. 9.	The Finance Act 1994.	In Schedule 16, paragraph 1, in paragraph 3, sub-paragraphs (5) to (10) and (12), and paragraphs 4, 5(4) and (5), 7 to 9 and 11 to 16.
		In Schedule 21, paragraph 1(1) and (3)(a).
1995 c. 4.	The Finance Act 1995.	Section 76(1).
1996 c. 8.	The Finance Act 1996.	Section 122(5)(a).
		In Schedule 6, paragraph 5.
		In Schedule 23, paragraphs 4 and 6.
		In Schedule 27, paragraphs 1 to 4 and 6.
		In Schedule 38, in paragraph 6, sub-paragraph (2)(c) and,

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

1997 c. 16.	The Finance Act 1997.	in sub-paragraph (5), the words “(2)(c) and”.
		Section 72.
		In Schedule 7, paragraphs 2, 4 to 6 and 9 to 11.
		In Schedule 10, paragraphs 9 and 10(2) and (3).

These repeals have effect in accordance with section 36 of, and Schedule 6 to, this Act.

(12) Distributions: consequential repeals

Chapter	Short title	Extent of repeal
1997 c. 16.	The Finance Act 1997.	In Schedule 7, paragraphs 1 and 7.

- (1) The repeal of paragraph 1 of Schedule 7 to the Finance Act 1997 has effect in relation to distributions made on or after 6th April 1999.
- (2) The repeal of paragraph 7 of that Schedule has effect in relation to payments which are representative of distributions made on or after 6th April 1999.

(13) Interest on gilt-edged securities, etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 50(1), paragraphs (a), (c) and (d).
		Section 51A.
		In section 118G—
		(a) in subsection (3), paragraphs (b) and (d) to (f);
		(b) subsections (8) and (10); and
		(c) in subsection (9), the words “or (8)”, “or subject to deduction of tax at a reduced rate” and “subsection (10) below and to”.
		In section 118H—
		(a) in subsection (2), the words from “or (8), or” to the words “case may be” in the first place where they occur and the words

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997. (See end of Document for details)

		“or (8)” in the second place where they occur; and
		(b) in subsections (3) and (4), the words “or (8)”, wherever they occur.
1995 c. 4.	The Finance Act 1995.	Section 77.

These repeals have effect in relation to payments falling due on or after 6th April 1998.

(14) Group Relief

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 403(9). Sections 408 and 409. Section 411(2) to (9).
1990 c. 29.	The Finance Act 1990.	Section 96(11).

These repeals have effect, subject to the provisions of paragraph 9 of Schedule 7 to this Act, for accounting periods ending on or after 2nd July 1997.

PART III

STATUTORY EFFECT OF RESOLUTIONS ETC

Chapter	Short title	Extent of repeal
1993 c. 34.	The Finance Act 1993.	Section 206(3).

Status:

Point in time view as at 06/04/2007.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 1997.