



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

Construction industry workers

55 Construction workers supplied by agencies.

- (1) In section 134 of the Taxes Act 1988, subsection (5)(c) (which exempts from charge by virtue of that section the remuneration of construction workers who are sub-contractors supplied by agencies) shall cease to have effect.
- (2) In section 559 of the Taxes Act 1988 (deductions on account of tax etc. from payments to certain sub-contractors), in subsection (1), for “subsection (2) below” there shall be substituted “the following provisions of this section”; and after subsection (1) there shall be inserted the following subsection—
 - “(1A) Subsection (1) above shall not apply to any payment made under the contract in question that is chargeable to income tax under Schedule E by virtue of section 134(1).”
- (3) Subsections (1) and (2) above have effect in relation to—
 - (a) any payments made on or after 6th April 1998 other than any made in respect of services rendered before that date; and
 - (b) any payments made before 6th April 1998 in respect of services to be rendered on or after that date.

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Changes to legislation: Finance Act 1998, Cross Heading: Construction industry workers is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

56 Transitional provisions in connection with section 55.

- (1) Subject to subsection (6) below, subsection (2) below applies if—
 - (a) a construction trade is being carried on by a person (“the sub-contractor”) at the end of the year 1997-98; and
 - (b) there are receipts of that trade which, but for section 134(5)(c) of the Taxes Act 1988, would have fallen to be treated for the year 1997-98 as the emoluments of an office or employment.
- (2) Where this subsection applies, then, subject to subsections (4) and (5) below—
 - (a) the trade shall be deemed to have been permanently discontinued at the end of the year 1997-98; and
 - (b) to the extent (if any) that the trade includes activities in addition to the rendering of services falling by virtue of section 55 to be treated as the duties of an office or employment, a new trade shall be deemed to have been set up and commenced on 6th April 1998.
- (3) Subsection (4) below applies if—
 - (a) a construction trade (“the old trade”) is deemed by virtue of subsection (2)(a) above to have been permanently discontinued; and
 - (b) a construction trade (“the new trade”)—
 - (i) is deemed by virtue of subsection (2)(b) above to have been set up and commenced; or
 - (ii) (where sub-paragraph (i) above does not apply) is actually set up and commenced in the year 1998-99.
- (4) Where this subsection applies then, notwithstanding the deemed discontinuance, the old trade and the new trade shall be treated as the same for the purposes of section 385 of the Taxes Act 1988 (carry-forward of losses against subsequent profits).
- (5) An officer of the Board shall not become entitled by virtue of anything in this section to give a direction under paragraph 3(2) of Schedule 20 to the ^{M1}Finance Act 1994 (power to revise assessment so that made on the actual basis) in the case of a person whose trade is deemed under subsection (2) above to cease on 5th April 1998.
- (6) Subsection (2) above does not apply if the sub-contractor by notice to an officer of the Board otherwise elects.
- (7) An election under subsection (6) above—
 - (a) if it relates to a trade carried on by an individual, must be included in a return under section 8 of the ^{M2}Taxes Management Act 1970 which is made and delivered in that individual’s case on or before the day on which it is required to be made and delivered under that section; and
 - (b) if it relates to a trade carried on by persons in partnership, must be included in a return under section 12AA of that Act which is made and delivered in the partners’ case, or in the case of any one or more of them, on or before the day specified in relation to that return under subsection (2) or (3) of that section.
- (8) In this section “construction trade” means a trade consisting in or including the rendering of services under contracts relating to construction operations (within the meaning of Chapter IV of Part XIII of the Taxes Act 1988).
- (9) Where at any time on or after 17th March 1998 and before the day on which this Act is passed any election corresponding to an election under subsection (6) above has

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been made under a resolution of the House of Commons having effect in accordance with the provisions of the ^{M3}Provisional Collection of Taxes Act 1968, this section has effect, on and after the day on which this Act is passed, as if that election were an election under subsection (6) above.

Marginal Citations

M1 1994 c. 9.

M2 1970 c. 9.

M3 1968 c. 2.

57 Sub-contractors in the construction industry.

Schedule 8 to this Act (which makes provision in relation to sub-contractors in the construction industry) shall have effect.

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