



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

PAYE: non-cash benefits etc.

65 Payment in the form of a readily convertible asset.

- (1) Section 203F of the Taxes Act 1988 (tradeable assets) shall be amended as follows.
- (2) In subsection (1) (provision of tradeable asset to be treated as payment), for “a tradeable asset” there shall be substituted “a readily convertible asset”.
- (3) For subsections (2) and (3) (meaning of “tradeable asset” and amount of deemed payment) there shall be substituted the following subsections—
 - “(2) In this section “readily convertible asset” means—
 - (a) an asset capable of being sold or otherwise realised on a recognised investment exchange (within the meaning of the ^{M1}Financial Services Act 1986) or on the London Bullion Market;
 - (b) an asset capable of being sold or otherwise realised on a market for the time being specified in PAYE regulations;
 - (c) an asset consisting in the rights of an assignee, or any other rights, in respect of a money debt that is or may become due to the employer or any other person;
 - (d) an asset consisting in, or in any right in respect of, any property that is subject to a fiscal warehousing regime;

Status: Point in time view as at 31/07/1998. This version of this provision has been superseded.

Changes to legislation: Finance Act 1998, Section 65 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)

- (e) an asset consisting in anything that is likely (without anything being done by the employee) to give rise to, or to become, a right enabling a person to obtain an amount or total amount of money which is likely to be similar to the expense incurred in the provision of the asset;
 - (f) an asset for which trading arrangements of this section trading arrangements for any asset provided to any person exist whenever there exist any arrangements the effect of which in relation to that asset is to enable that person, or a member of his family or household, to obtain an amount or total amount of money that is, or is likely to be, similar to the expense incurred in the provision of that asset.
 - (g) an asset for which trading arrangements are likely to come into existence in accordance with any arrangements of another description existing when the asset is provided or with any understanding existing at that time.
- (3) The amount referred to is the amount which, on the basis of the best estimate that can be reasonably be made, is the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of the asset.
- (3A) For the purposes of this section trading arrangements for any asset provided to any person exist whenever there exist any arrangements the effect of which in relation to that asset is to enable that person, or a member of his family or household, to obtain an amount or total amount of money that is, or is likely to be, similar to the expense incurred in the provision of that asset.
- (3B) References in this section to enabling a person to obtain an amount of money shall be construed—
- (a) as references to enabling an amount to be obtained by that person by any means at all, including, in particular—
 - (i) by using any asset or other property as security for a loan or advance, or
 - (ii) by using any rights comprised in or attached to any asset or other property to obtain any asset for which trading arrangements exist;
 - and
 - (b) as including references to cases where a person is enabled to obtain an amount as a member of a class or description of persons, as well as where he is so enabled in his own right.
- (3C) For the purposes of this section an amount is similar to the expense incurred in the provision of any asset if it is, or is an amount of money equivalent to—
- (a) the amount of the expense so incurred; or
 - (b) a greater amount; or
 - (c) an amount that is less than that amount but not substantially so.”
- (4) In subsections (4) and (5) (meaning of “asset”), for the words “subsection (2) above”, in each place where they occur, there shall be substituted “ this section ”.
- (5) After subsection (5) there shall be inserted the following subsection—
- “(6) In this section—
- “EEA State” means a State which is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2nd

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May 1992 as adjusted by the Protocol signed at Brussels on 17th March 1993;

“family or household” has the same meaning as it has, by virtue of section 168(4), in Chapter II of this Part;

“fiscal warehousing regime” means—

- (a) a warehousing regime or fiscal warehousing regime (within the meaning of sections 18 to 18F of the ^{M2}Value Added Tax Act 1994); or
- (b) any corresponding arrangements in an EEA State other than the United Kingdom;

“money” includes money expressed in a currency other than sterling or in the European currency unit (as for the time being defined in Council Regulation No. 3180/78/EEC or any Community instrument replacing it); and

“money debt” means any obligation which falls to be, or may be, settled—

- (a) by the payment of money, or
- (b) by the transfer of a right to settlement under an obligation which is itself a money debt.”

(6) The preceding provisions of this section have effect in relation to any asset provided on or after 6th April 1998 and shall be deemed, in accordance with subsection (7) below, to have come into force on that date.

(7) This section shall not be taken to have changed—

- (a) the amounts which were deductible by any person under section 203 of the Taxes Act 1988 at any time on or before the day on which this Act is passed; or
- (b) the amounts which should have been accounted for to the Board under section 203J(3) of that Act at any time on or before the fifth of the month following that in which this Act is passed;

but, the amounts which (but for this subsection) would have been deductible, or would have been amounts for which any person should have accounted, shall be deducted or accounted for in accordance with any such provision as may be made by regulations under section 203 of the Taxes Act 1988.

Marginal Citations

M1 1986 c. 60.

M2 1994 c. 23.

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