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Finance Act 1990

1990 CHAPTER 29

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [26th July 1990]

Annotations:

Editorial Information

- X1** [Ss. 4, 132, Sch. 19 Pt. I](#) from Gp 12:2 (Betting, Gaming and Lotteries), ss. 1-3, 7-9, 132, 133, Schs. 1, 3, 19 Pt. I from Gp 40:1 (Customs and Excise), ss. 10-16, 131(2), 132, 133, Sch. 19 Pt III from Gp 40:2 (Customs and Excise), ss. 132, 133 from Gp 44:2 (Energy), ss. 115-120, 133 from Gp 58 (Harbours, Docks and Piers), ss. 17-30, 39(9), 41-62, 65-71, 73-82, 86-106, 114, 121, 122, 125-127, 131-133, Schs. 4-17, 18 paras. 2, 5, Sch 19 Pts IV, V from Gp 63:1 (Income, Corporation and Capital Gains Taxes), ss 28(3), 31-40, 48, 54, 56, 63, 64, 70(5)-(9), 72, 81(3)(6)(8), 83-85, 89, 127(2)-(4), 131(3), 133, Sch 9 paras 2, 7, Sch. 10 paras 28, 29, Sch. 14 paras 17-19, Sch 18 para 3 from Gp 63:2 (Income, Corporation and Capital Gains Taxes), ss 124-126, 127(3)(4), 133, Sch 18 para 4 from Gp 65 (Inheritance Tax), ss 128-130, 132, 133, Sch 19 Pt VIII from Gp 99:5 (Public Finance and Economic Controls), ss. 5, 6, 132, 133, Schs 2, 19 Pt II from Gp 107:2 (Road Traffic), ss. 107-114, 127(3)(4), 132, 133, Sch 18 para 1, Sch 19 Pts VI, VII from Gp 114 (Stamp Duty)
- X2** General amendments to Tax Acts, Income Tax Acts, and/or Corporation Tax Acts made by legislation after 1.2.1991 are noted against [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#) but not against each Act

Annotations:

Editorial Information

- X1** [Ss. 4, 132, Sch. 19 Pt. I](#) from Gp 12:2 (Betting, Gaming and Lotteries), ss. 1-3, 7-9, 132, 133, Schs. 1, 3, 19 Pt. I from Gp 40:1 (Customs and Excise), ss. 10-16, 131(2), 132, 133, Sch. 19 Pt III from Gp 40:2 (Customs and Excise), ss. 132, 133 from Gp 44:2 (Energy), ss. 115-120, 133 from Gp 58 (Harbours, Docks and Piers), ss. 17-30, 39(9), 41-62, 65-71, 73-82, 86-106, 114, 121, 122, 125-127, 131-133, Schs. 4-17, 18 paras. 2, 5, Sch 19 Pts IV, V from Gp 63:1 (Income, Corporation and Capital Gains Taxes), ss 28(3), 31-40, 48, 54, 56, 63, 64, 70(5)-(9), 72, 81(3)(6)(8), 83-85, 89, 127(2)-(4), 131(3), 133, Sch 9 paras 2, 7, Sch. 10 paras 28, 29, Sch. 14 paras 17-19, Sch 18 para 3 from Gp 63:2 (Income, Corporation and Capital Gains Taxes), ss 124-126, 127(3)(4), 133, Sch 18 para 4 from Gp 65 (Inheritance Tax), ss

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- 128-130, 132, 133, Sch 19 Pt VIII from Gp 99:5 (Public Finance and Economic Controls), ss. 5, 6, 132, 133, Schs 2, 19 Pt II from Gp 107:2 (Road Traffic), ss. 107-114, 127(3)(4), 132, 133, Sch 18 para 1, Sch 19 Pts VI, VII from Gp 114 (Stamp Duty)
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PART I

CUSTOMS AND EXCISE AND VALUE ADDED TAX

CHAPTER I

CUSTOMS AND EXCISE

Rates of duty

1 Spirits, beer, wine, made-wine and cider.

- (1) In section 5 of the ^{M1}Alcoholic Liquor Duties Act 1979 (spirits) for “£15.77” there shall be substituted “£17.35”.
- (2) In section 36 of that Act (beer) for “£0.90” there shall be substituted “£0.97”.
- (3) For the Table of rates of duty in Schedule 1 to that Act (wine and made-wine) there shall be substituted the Table in Schedule 1 to this Act.
- (4) In section 62(1) of that Act (cider) for “£17.33” there shall be substituted “£18.66”.
- (5) This section shall be deemed to have come into force at 6 o’clock in the evening of 20th March 1990.

Annotations:

Marginal Citations

M1 1979 c. 4.

2 Tobacco products.

- (1) For the Table in Schedule 1 to the ^{M2}Tobacco Products Duty Act 1979 there shall be substituted—

“ TABLE

1. Cigarettes	An amount equal to 21 per cent. of the retail price plus £34.91 per thousand cigarettes.
2. Cigars	£53.67 per kilogram.

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- | | |
|--|-----------------------|
| 3. Hand-rolling tobacco | £56.63 per kilogram. |
| 4. Other smoking tobacco and chewing tobacco | £24.95 per kilogram.” |

(2) This section shall be deemed to have come into force on 23rd March 1990.

Annotations:

Marginal Citations

M2 1979 c. 7.

3 Hydrocarbon oil.

(1) In section 6 of the ^{M3}Hydrocarbon Oil Duties Act 1979—

- (a) in subsection (1), for “£0.2044” (duty on light oil) and “£0.1729” (duty on heavy oil) there shall be substituted “ £0.2248” and “ £0.1902” respectively; and
- (b) subsection (2A) (special rate of duty on petrol below 4 star) shall cease to have effect.

(2) In section 11(1) of that Act, for “£0.0077” (rebate on fuel oil) and “£0.0110” (rebate on gas oil) there shall be substituted “ £0.0083” and “ £0.0118” respectively.

(3) In section 13A(1) of that Act (rebate on unleaded petrol), for “£0.0272” there shall be substituted “ £0.0299”.

(4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel), for “£0.0077” there shall be substituted “ £0.0083”.

(5) In Part I of Schedule 3 to that Act, for paragraph 10A there shall be substituted—

“10A Amending the definition of “aviation gasoline” in subsection (4) of section 6 of this Act.”

(6) Subsections (1) to (4) above shall be deemed to have come into force at 6 o’clock in the evening of 20th March 1990.

Annotations:

Marginal Citations

M3 1979 c. 5.

4 Pool betting duty.

(1) In section 7(1) of the ^{M4}Betting and Gaming Duties Act 1981 (which specifies 42½ per cent. as the rate of pool betting duty), for the words “42½ per cent.” there shall be substituted the words “ 40 per cent.”.

(2) This section shall apply in relation to bets made at any time by reference to an event taking place on or after 6th April 1990.

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Annotations:

Marginal Citations

M4 1981 c. 63.

5 Vehicles excise duty.

- ^{F1}(1)
- (2)
- (3)
- ^{F2}(4)
- ^{F3}(5)
- (6)
- ^{F4}(7)
- (8)
- (9)

Annotations:

Amendments (Textual)

- F1** S. 5(1)-(3)(8)(9) repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4), Sch. 4 para. 6)
- F2** S. 5(4)(6) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art. 2**.
- F3** S. 5(5) repealed (8.11.1993) by S.I. 1993/2452, art. 3, **Sch. 2**.
- F4** S. 5(7) repealed (27.07.1993) by 1993 c. 34, s. 213, **Sch. 23**, Pt. I.

Other provisions

- ^{F5}6

Annotations:

Amendments (Textual)

- F5** S. 6 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4), Sch. 4 para. 6)

7 Entry of goods on importation.

Schedule 3 to this Act (which amends the provisions of the ^{M5}Customs and Excise Management Act 1979 about initial and supplementary entries and postponed entry) shall have effect in relation to goods imported on or after the day on which this Act is passed.

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Annotations:

Marginal Citations

M5 1979 c. 2.

8 Spirits methylated abroad.

(1) In section 4(1) of the ^{M6}Alcoholic Liquor Duties Act 1979, for the definition of “methylated spirits” there shall be substituted—

““methylated spirits” means—

- (a) spirits mixed in the United Kingdom with some other substance in accordance with regulations made under section 77 below; or
- (b) spirits mixed outside the United Kingdom with some other substance if the spirits and other substance, and the proportions in which they are mixed, are such as are prescribed by those regulations for the production of methylated spirits in the United Kingdom;”.

(2) This section shall come into force on 1st January 1991.

Annotations:

Marginal Citations

M6 1979 c. 4.

9 Lodgings for officers in charge of distillery.

In section 12 of the Alcoholic Liquor Duties Act 1979 (licence to manufacture spirits) subsections (6) to (9) (requirement that distiller provide lodgings for officers in charge of distillery) shall cease to have effect.

CHAPTER II

VALUE ADDED TAX

^{F6}**10**

Annotations:

Amendments (Textual)

F6 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

^{F7}**11**

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Annotations:

Amendments (Textual)

F7 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F8 **12**

Annotations:

Amendments (Textual)

F8 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F9 **13**

Annotations:

Amendments (Textual)

F9 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F10 **14**

Annotations:

Amendments (Textual)

F10 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F11 **15**

Annotations:

Amendments (Textual)

F11 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F12 **16**

Annotations:

Amendments (Textual)

F12 Ss. 10-16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

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PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Income tax rates and allowances

17 Rates and main allowances.

- (1) Income tax shall be charged for the year 1990-91, and—
- (a) the basic rate shall be 25 per cent.;
 - (b) the basic rate limit shall be £20,700;
 - (c) the higher rate shall be 40 per cent.; and
 - (d) section 1(4) of the Taxes Act 1988 (indexation of basic rate limit) shall not apply.

^{F13}(2)

- (3) In section 828 of that Act (orders and regulations), in subsection (4), for “257(11)” there shall be substituted “257C”.
- (4) Subsections (2) and (3) above shall have effect for the year 1990-91 and subsequent years of assessment.

Annotations:

Amendments (Textual)

F13 S. 17(2) repealed (27.07.1993 with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, ss. 107, 213, **Sch. 23**, Pt. III(10).

18 Relief for blind persons.

In section 265(1) of the Taxes Act 1988, for “£540” there shall be substituted “£1,080”.

Corporation tax rates

19 Charge and rate of corporation tax for 1990.

Corporation tax shall be charged for the financial year 1990 at the rate of 35 per cent.

Annotations:

Modifications etc. (not altering text)

C1 S. 19 excluded by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 23(1).

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20 Small companies.

- (1) For the financial year 1990—
 - (a) the small companies' rate shall be 25 per cent., and
 - (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one-fortieth.
- (2) In section 13(3) of that Act (limits of marginal relief), in paragraphs (a) and (b)—
 - (a) for "£150,000" there shall be substituted " £200,000", and
 - (b) for "£750,000" there shall be substituted " £1,000,000".
- (3) Subsection (2) above shall have effect for the financial year 1990 and subsequent financial years; and where by virtue of that subsection section 13 of the Taxes Act 1988 has effect with different relevant maximum amounts in relation to different parts of a company's accounting period, then for the purposes of that section those parts shall be treated as if they were separate accounting periods and the profits and basic profits of the company for that period shall be apportioned between those parts.

Annotations:

Modifications etc. (not altering text)

C2 S. 20 excluded by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 23(2).

Benefits in kind

21 Care for children.

- (1) The following section shall be inserted after section 155 of the Taxes Act 1988—

“155A Care for children.

- (1) Where a benefit consists in the provision for the employee of care for a child, section 154 does not apply to the benefit to the extent that it is provided in qualifying circumstances.
- (2) For the purposes of subsection (1) above the benefit is provided in qualifying circumstances if—
 - (a) the child falls within subsection (3) below,
 - (b) the care is provided on premises which are not domestic premises,
 - (c) the condition set out in subsection (4) below or the condition set out in subsection (5) below (or each of them) is fulfilled, and
 - (d) in a case where the registration requirement applies, it is met.
- (3) The child falls within this subsection if—
 - (a) he is a child for whom the employee has parental responsibility,
 - (b) he is resident with the employee, or
 - (c) he is a child of the employee and maintained at his expense.
- (4) The condition is that the care is provided on premises which are made available by the employer alone.
- (5) The condition is that—

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- (a) the care is provided under arrangements made by persons who include the employer,
- (b) the care is provided on premises which are made available by one or more of those persons, and
- (c) under the arrangements the employer is wholly or partly responsible for financing and managing the provision of the care.

(6) The registration requirement applies where—

- (a) the premises on which the care is provided are required to be registered under section 1 of the Nurseries and Child-Minders Regulation Act 1948 or section 11 of the Children and Young Persons Act (Northern Ireland) 1968, or
- (b) any person providing the care is required to be registered under section 71 of the Children Act 1989 with respect to the premises on which it is provided;

and the requirement is met if the premises are so registered or (as the case may be) the person is so registered.

(7) In subsection (3)(c) above the reference to a child of the employee includes a reference to a stepchild of his.

(8) In this section—

“care” means any form of care or supervised activity, whether or not provided on a regular basis, but excluding supervised activity provided primarily for educational purposes;

“child” means a person under the age of eighteen;

“domestic premises” means any premises wholly or mainly used as a private dwelling;

“parental responsibility” has the meaning given in section 3(1) of the Children Act 1989.”

(2) In section 154(2) of the Taxes Act 1988 for the words “section 155” there shall be substituted the words “sections 155 and 155A”.

(3) This section applies for the year 1990-91 and subsequent years of assessment.

22 Car benefits.

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

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“PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

Table A

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

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
1400 or less	£1,700	£1,150
More than 1400 but not more than 2000	£2,200	£1,500
More than 2000	£3,550	£2,350

Table B

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

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
Less than £6,000	£1,700	£1,150
£6,000 or more but less than £8,500	£2,200	£1,500
£8,500 or more but not more than £19,250	£3,550	£2,350

Table C

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

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£4,600	£3,100
More than £29,000	£7,400	£4,900”

(2) This section shall have effect for the year 1990-91 and subsequent years of assessment.

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Mileage allowances

^{F14}23

Annotations:

Amendments (Textual)

F14 S. 23 repealed (11.5.2001 with effect for the year 2002-03 and subsequent years of assessment) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(1)

Charities

^{F15}24

Annotations:

Amendments (Textual)

F15 S. 24 repealed (27.07.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 213, Sch. 23 Pt. III.

25 Donations to charity by individuals.

- (1) For the purposes of this section, a gift to a charity by an individual (“the donor”) is a qualifying donation if—
 - (a) it is made on or after 1st October 1990,
 - (b) it satisfies the requirements of subsection (2) below, and
 - (c) the donor gives [^{F16}an appropriate declaration] in relation to it to the charity.
- (2) A gift satisfies the requirements of this subsection if—
 - (a) it takes the form of a payment of a sum of money;
 - (b) it is not subject to a condition as to repayment;
 - ^{F17}(c)
 - (d) it does not constitute a sum falling within section 202(2) of the Taxes Act 1988 (payroll deduction scheme);
 - (e) neither the donor nor any person connected with him receives a benefit in consequence of making it or, where the donor or a person connected with him does receive a benefit in consequence of making it, the relevant value in relation to the gift does not exceed [^{F18}the limit imposed by subsection (5A) below] and the amount to be taken into account for the purposes of this paragraph in relation to the gift does not exceed £250;
 - (f) it is not conditional on or associated with, or part of an arrangement involving, the acquisition of property by the charity, otherwise than by way of gift, from the donor or a person connected with him;
 - (g)
 - ^{F19}(h)
 - ^{F20}(i) either—

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- (i) at the time the gift is made, the donor is resident in the United Kingdom or performs duties which by virtue of section 132(4)(a) of the Taxes Act 1988 (Crown employees serving overseas) are treated as being performed in the United Kingdom; or
- (ii) the grossed up amount of the gift would, if in fact made, be payable out of profits or gains brought into charge to income tax or capital gains tax.]

[^{F21}(3) The reference in subsection (1)(c) above to an appropriate declaration is a reference to a declaration which—

- (a) is given in such manner as may be prescribed by regulations made by the Board; and
- (b) contains such information and such statements as may be so prescribed.

(3A) Regulations made for the purposes of subsection (3) above may—

- (a) provide for declarations to have effect, to cease to have effect or to be deemed never to have had effect in such circumstances and for such purposes as may be prescribed by the regulations;
- (b) require charities to keep records with respect to declarations given to them by donors; and
- (c) make different provision for declarations made in a different manner.]

(4) For the purposes of subsections (2)(e) above and (5) below, the relevant value in relation to a gift is—

- (a) where there is one benefit received in consequence of making it which is received by the donor or a person connected with him, the value of that benefit;
- (b) where there is more than one benefit received in consequence of making it which is received by the donor or a person connected with him, the aggregate value of all the benefits received in consequence of making it which are received by the donor or a person connected with him.

(5) The amount to be taken into account for the purposes of subsection (2)(e) above in relation to a gift to a charity is an amount equal to the aggregate of—

- (a) the relevant value in relation to the gift, and
- (b) the relevant value in relation to each gift already made to the charity by the donor in the relevant year of assessment which is a qualifying donation for the purposes of this section.

[^{F22}(5A) The limit imposed by this subsection is—

- (a) where the amount of the gift does not exceed £100, 25 per cent of the amount of the gift;
- (b) where the amount of the gift exceeds £100 but does not exceed £1,000, £25;
- (c) where the amount of the gift exceeds £1,000, 2.5 per cent of the amount of the gift.

(5B) Where a benefit received in consequence of making a gift—

- (a) consists of the right to receive benefits at intervals over a period of less than twelve months;
- (b) relates to a period of less than twelve months; or
- (c) is one of a series of benefits received at intervals in consequence of making a series of gifts at intervals of less than twelve months,

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the value of the benefit shall be adjusted for the purposes of subsection (4) above and the amount of the gift shall be adjusted for the purposes of subsection (5A) above.

(5C) Where a benefit, other than a benefit which is one of a series of benefits received at intervals, is received in consequence of making a gift which is one of a series of gifts made at intervals of less than twelve months, the amount of the gift shall be adjusted for the purposes of subsection (5A) above.

(5D) Where the value of a benefit, or the amount of a gift, falls to be adjusted under subsection (5B) or (5C) above, the value or amount shall be multiplied by 365 and the result shall be divided by—

- (a) in a case falling within subsection (5B)(a) or (b) above, the number of days in the period of less than twelve months;
- (b) in a case falling within subsection (5B)(c) or (5C) above, the average number of days in the intervals of less than twelve months;

and the reference in subsection (5B) above to subsection (4) above is a reference to that subsection as it applies for the purposes of subsection (2)(e) above.

(5E) In determining whether a gift to a charity falling within subsection (5F) below is a qualifying donation, there shall be disregarded the benefit of any right of admission received in consequence of the making of the gift—

- (a) to view property the preservation of which is the sole or main purpose of the charity; or
- (b) to observe wildlife the conservation of which is the sole or main purpose of the charity;

but this subsection shall not apply unless the opportunity to make gifts which attract such a right is available to members of the public.

(5F) A charity falls within this subsection if its sole or main purpose is the preservation of property, or the conservation of wildlife, for the public benefit.

(5G) In subsection (5E) above “right of admission” refers to admission of the person making the gift (or any member of his family who may be admitted because of the gift) either free of the charges normally payable for admission by members of the public, or on payment of a reduced charge.]

[^{F23}(6) Where any gift made by the donor in a year of assessment is a qualifying donation, then, for that year—

- (a) the Income Tax Acts and the ^{M7}Taxation of Chargeable Gains Act 1992 shall have effect, in their application to him, as if—
 - (i) the gift had been made after deduction of income tax at the basic rate; and
 - (ii) the basic rate limit were increased by an amount equal to the grossed up amount of the gift;
- (b) the provisions mentioned in subsection (7) below shall have effect, in their application to him, as if any reference to income tax which he is entitled to charge against any person included a reference to the tax treated as deducted from the gift; and
- (c) to the extent, if any, necessary to ensure that he is charged to an amount of income tax and capital gains tax equal to the tax treated as deducted from the gift, he shall not be entitled to relief under Chapter I of Part VII of the Taxes Act 1988;

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but paragraph (a)(ii) above shall not apply for the purposes of any computation under section 550(2)(a) or (b) of that Act (relief where gain charged at a higher rate).

(7) The provisions referred to in subsection (6)(b) above are—

- (a) section 289A(5)(e) of the Taxes Act 1988 (relief under enterprise investment scheme);
- (b) section 796(3) of that Act (credit for foreign tax); and
- (c) paragraph 1(6)(f) of Schedule 15B to that Act (venture capital trusts).

(8) Where the tax treated as deducted from a gift by virtue of subsection (6) above exceeds the amount of income tax and capital gains tax with which the donor is charged for the year of assessment, the donor shall be assessable and chargeable with income tax at the basic rate on so much of the gift as is necessary to recover an amount of tax equal to the excess.

(9) In determining for the purposes of subsection (8) above the total amount of income tax and capital gains tax with which the donor is charged for the year of assessment, there shall be disregarded—

- (a) any tax charged at the basic rate by virtue of—
 - (i) section 348 of the Taxes Act 1988 (read with section 3 of that Act); or
 - (ii) section 349 of that Act (read with section 350 of that Act);
- (b) any tax treated as having been paid under—
 - (i) section 233(1)(a) of that Act (taxation of certain recipients of distributions);
 - (ii) section 249(4)(a) of that Act (stock dividends treated as income); or
 - (iii) section 547(5)(a) of that Act (method of charging life policy gain to tax);
- (c) any relief to which section 256(2) of that Act applies (relief by way of income tax reduction);
- (d) any relief under—
 - (i) section 347B of that Act (relief for maintenance payments);
 - (ii) section 788 of that Act (relief by agreement with other countries); or
 - (iii) section 790(1) of that Act (unilateral relief);
- (e) any set off of tax deducted, or treated as deducted, from income other than—
 - (i) tax treated as deducted from income by virtue of section 421(1)(a) of that Act (taxation of borrower when loan released etc); or
 - (ii) tax treated as deducted from a relevant amount within the meaning of section 699A of that Act (untaxed sums comprised in the income of an estate) except to the extent that the relevant amount is or would be paid in respect of a distribution chargeable under Schedule F; and
- (f) any set off of tax credits.

(9A) For the purposes of sections 257(5) and 257A(5) of the Taxes Act 1988 (age related allowances), the donor's total income shall be treated as reduced by the aggregate amount of gifts from which tax is treated as deducted by virtue of subsection (6) above.]

(10) The receipt by a charity of a gift which is a qualifying donation shall be treated for the purposes of the Tax Acts, in their application to the charity, as the receipt, under deduction of income tax at the basic rate for the relevant year of assessment, of an annual payment of an amount equal to the grossed up amount of the gift.

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- (11) Section 839 of the Taxes Act 1988 applies for the purposes of subsections (2) and (4) above.
- (12) For the purposes of this section—
- (a) “charity” has the same meaning as in section 506 of the Taxes Act 1988 and includes each of the bodies mentioned in section 507 of that Act;
 - ^{F24}(b)
 - (c) “relevant year of assessment”, in relation to a gift, means the year of assessment in which the gift is made;
 - (d) references, in relation to a gift, to the grossed up amount are to the amount which after deducting income tax at the basic rate for the relevant year of assessment leaves the amount of the gift; . . .
 - (e)

Annotations:

Amendments (Textual)

- F16** Words in [s. 25\(1\)\(c\)](#) substituted (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(2\)](#)
- F17** [S. 25\(2\)\(c\)\(g\)](#) repealed (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, ss. 39\(3\)\(a\), 156, Sch. 40 Pt. II\(1\)](#) note 4
- F18** Words in [s. 25\(2\)\(e\)](#) substituted (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(3\)\(b\)](#)
- F19** [S. 25\(2\)\(h\)](#) repealed (for gifts made on or after 19.03.1991) by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [ss. 71\(5\)\(6\), 123, Sch. 19 Pt. V](#) Note 12.
- F20** [S. 25\(2\)\(i\)](#) substituted (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(3\)\(c\)](#)
- F21** [S. 25\(3\)\(3A\)](#) substituted for [s. 25\(3\)](#) (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(4\)](#)
- F22** [S. 25\(5A\)-\(5G\)](#) inserted (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(5\)](#)
- F23** [S. 25\(6\)-\(9A\)](#) substituted for [s. 25\(6\)-\(9\)](#) (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(6\)](#)
- F24** [S. 25\(12\)\(b\)\(e\)](#) and the word “and” immediately preceding paragraph (e) repealed (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, ss. 39\(7\), 156, Sch. 40 Pt. II\(1\)](#) note 4

Modifications etc. (not altering text)

- C3** [S. 25](#) modified (31.7.1998) by [1998 c. 36, s. 48\(1\)\(4\)](#)
[S. 25](#) applied (31.7.1998) by [1998 c. 36, s. 48\(1\)\(10\)](#)
- C4** [S. 25](#) modified (with effect as mentioned in [s. 98\(6\)](#) of the modifying Act) by [Finance Act 2002 \(c. 23\), s. 98\(1\)-\(5\)](#);
[S. 25](#) modified (with effect as mentioned in [s. 58\(4\)](#) of the modifying Act) by [Finance Act 2002 \(c. 23\), s. 58\(1\), Sch. 18 Pt. 3 para. 9\(1\)](#)
- C5** [S. 25\(2\)\(e\)](#) applied (31.7.1998) by [1998 c. 36, s. 48\(4\)\(d\)](#)
- C6** [S. 25\(3\)](#) (as substituted by [2000 c. 17, s. 39\(4\)](#)): power to make regulations extended (28.7.2000 with effect as mentioned in [s. 39\(10\)](#) of the amending Act) by [2000 c. 17, s. 39\(10\)](#)

Marginal Citations

- M7** [1992 c. 12.](#)

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26 Company donations to charity.

- (1) Section 339 of the Taxes Act 1988 (charges on income: donations to charity) shall be amended as follows.
- (2) In subsection (1) after the word “payment” there shall be inserted the words “of
a sum of money”.
- (3) In subsection (2) the words “and is not a close company” shall be omitted.
- (4) The following subsections shall be inserted after subsection (3)—
 - “(3A) A payment made by a close company is not a qualifying donation if it is of a sum which leaves less than £600 after deducting income tax under subsection (3) above.
 - (3B) A payment made by a close company is not a qualifying donation if—
 - (a) it is made subject to a condition as to repayment, or
 - (b) the company or a connected person receives a benefit in consequence of making it and either the relevant value in relation to the payment exceeds two and a half per cent. of the amount given after deducting tax under section 339(3) or the amount to be taken into account for the purposes of this paragraph in relation to the payment exceeds £250.
 - (3C) For the purposes of subsections (3B) above and (3D) below, the relevant value in relation to a payment to a charity is—
 - (a) where there is one benefit received in consequence of making it which is received by the company or a connected person, the value of that benefit;
 - (b) where there is more than one benefit received in consequence of making it which is received by the company or a connected person, the aggregate value of all the benefits received in consequence of making it which are received by the company or a connected person.
 - (3D) The amount to be taken into account for the purposes of subsection (3B)(b) above in relation to a payment to a charity is an amount equal to the aggregate of—
 - (a) the relevant value in relation to the payment, and
 - (b) the relevant value in relation to each payment already made to the charity by the company in the accounting period in which the payment is made which is a qualifying donation within the meaning of this section.
 - (3E) A payment made by a close company is not a qualifying donation if it is conditional on, or associated with, or part of an arrangement involving, the acquisition of property by the charity, otherwise than by way of gift, from the company or a connected person.
 - (3F) A payment made by a company is not a qualifying donation unless the company gives to the charity to which the payment is made a certificate in such form as the Board may prescribe and containing—
 - (a) in the case of any company, a statement to the effect that the payment is one out of which the company has deducted tax under subsection (3) above, and

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- (b) in the case of a close company, a statement to the effect that the payment satisfies the requirements of subsections (3A) to (3E) above.
- (3G) A payment made by a company is not a qualifying donation if the company is itself a charity.”
- (5) The following subsection shall be inserted after subsection (7)—
 - “(7A) In subsections (3B) to (3E) above references to a connected person are to a person connected with—
 - (a) the company, or
 - (b) a person connected with the company;
- and section 839 applies for the purposes of this subsection.”
- (6) This section applies in relation to payments made on or after 1st October 1990.

27 Maximum qualifying company donations.

- ^{F25}(1)
- (2) In section 339 of that Act (charges on income: donations to charity) subsection (5) shall be omitted and in subsection (9) for “(5)” there shall be substituted “(4)”.
- (3)
- (4) This section applies in relation to accounting periods ending on or after 1st October 1990.

Annotations:

Amendments (Textual)

- F25** S. 27(1)(3) repealed(for accounting periods beginning on or after 19.03.1991) by Finance Act 1991 (c. 31, SIF 63:1), s. 123, Sch. 19 Pt.V Note 5.

Savings

28 Tax-exempt special savings accounts.

- (1) After section 326 of the Taxes Act 1988 there shall be inserted—

“326A Tax-exempt special savings accounts.

- (1) Subject to the provisions of section 326B, any interest or bonus payable on a deposit account in respect of a period when it is a tax-exempt special savings account shall not be regarded as income for any income tax purpose.
- (2) An account is a “tax-exempt special savings account” for the purposes of this section if the conditions set out in subsections (3) to (9) below and any further conditions prescribed by regulations made by the Board are satisfied when the account is opened; and subject to section 326B it shall continue to be such an account until the end of the period of five years beginning with the day on which it is opened, or until the death of the account-holder if that happens earlier.

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- (3) The account must be opened on or after 1st January 1991 by an individual aged 18 or more.
- (4) The account must be with a building society or an institution authorised under the Banking Act 1987.
- (5) The account must be identified as a tax-exempt special savings account and the account-holder must not simultaneously hold any other such account (with the same or any other society or institution).
- (6) The account must not be a joint account.
- (7) The account must not be held on behalf of a person other than the account-holder.
- (8) The account must not be connected with any other account held by the account-holder or any other person; and for this purpose an account is connected with another if—
 - (a) either was opened with reference to the other, or with a view to enabling the other to be opened on particular terms, or with a view to facilitating the opening of the other on particular terms, and
 - (b) the terms on which either was opened would have been significantly less favourable to the holder if the other had not been opened.
- (9) There must not be in force a notice given by the Board to the society or institution prohibiting it from operating new tax-exempt special savings accounts.

326B Loss of exemption for special savings accounts.

- (1) A tax-exempt special savings account shall cease to be such an account if at any time after it is opened any of the conditions set out in subsections (4) to (8) of section 326A, or any further condition prescribed by regulations made by the Board, is not satisfied, or if any of the events mentioned in subsection (2) below occurs.
- (2) The events referred to in subsection (1) above are—
 - (a) the deposit of more than £3,000 in the account during the period of 12 months beginning with the day on which it is opened, more than £1,800 in any of the succeeding periods of 12 months, or more than £9,000 in total;
 - (b) a withdrawal from the account which causes the balance to fall below an amount equal to the aggregate of—
 - (i) all the sums deposited in the account before the time of the withdrawal, and
 - (ii) an amount equal to income tax at the basic rate on any interest or bonus paid on the account before that time (and for this purpose the basic rate in relation to any interest or bonus is the rate that was the basic rate when the interest or bonus was paid);
 - (c) the assignment of any rights of the account-holder in respect of the account, or the use of such rights as security for a loan.

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- (3) If at any time an account ceases to be a tax-exempt special savings account by virtue of subsection (1) above, the Income Tax Acts shall have effect as if immediately after that time the society or institution had credited to the account an amount of interest equal to the aggregate of any interest and bonus payable in respect of the period during which the account was a tax-exempt special savings account.

326C Tax-exempt special savings accounts: supplementary.

- (1) The Board may make regulations—
- (a) prescribing conditions additional to those set out in section 326A which must be satisfied if an account is to be or remain a tax-exempt special savings account;
 - (b) making provision for the giving by the Board to building societies and other institutions of notices prohibiting them from operating new tax-exempt special savings accounts, including provision about appeals against the giving of notices;
 - (c) requiring building societies and other institutions operating or proposing to operate tax-exempt special savings accounts to give information or send documents to the Board or to make documents available for inspection;
 - (d) making provision as to the transfer of tax-exempt special savings accounts from one building society or institution to another;
 - (e) generally for supplementing the provisions of sections 326A and 326B.
- (2) The reference in section 326A to a deposit account shall be taken to include a reference to a share account with a building society, and accordingly that section, section 326B and subsection (1) above shall apply to such an account with the necessary modifications.”

- (2) In the Table in section 98 of the ^{M8}Taxes Management Act 1970 (penalties for failure to comply with notices etc), in each column, before “regulations under section 333” there shall be inserted— “ regulations under section 326C;”.

^{F26}(3)

Annotations:

Amendments (Textual)

F26 [S. 28\(3\)](#) repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with [ss. 60, 101, 201\(3\)](#), [Sch. 11 paras. 22, 26\(2\), 27](#)).

Marginal Citations

M8 [1970 c. 9](#).

29 Extension of SAYE.

In section 326 of the Taxes Act 1988 (income tax relief for SAYE)—

- (a) in subsection (1), after paragraph (b) there shall be inserted the words “or

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- (c) in respect of money paid to an institution authorised under the Banking Act 1987,”;
 - (b) in that subsection, for the words “be disregarded” onwards there shall be substituted the words “ not be regarded as income for any income tax purpose.”;
 - (c) in subsection (2), after the words “building society” there shall be inserted the words “ or an institution authorised under the Banking Act 1987”; and
 - (d) after subsection (3) there shall be inserted—
- “(4) In this section “certified contractual savings scheme” means, in relation to an institution authorised under the Banking Act 1987, a scheme—
- (a) providing for periodical contributions by individuals for a specified period, and
 - (b) certified by the Treasury as corresponding to a scheme certified under subsection (2) above, and as qualifying for exemption under this section.”

30 Building societies.

Schedule 5 to this Act (which contains provisions relating to building societies, deposit-takers and investors) shall have effect.

Employee share ownership trusts

^{F27}**31**

Annotations:

Amendments (Textual)

F27 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

^{F28}**32**

Annotations:

Amendments (Textual)

F28 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

^{F29}**33**

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Annotations:

Amendments (Textual)

- F29** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290 **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F30 **34**

Annotations:

Amendments (Textual)

- F30** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F31 **35**

Annotations:

Amendments (Textual)

- F31** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F32 **36**

Annotations:

Amendments (Textual)

- F32** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 20,22, 26(2), 27).

F33 **37**

Annotations:

Amendments (Textual)

- F33** Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

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F34 **38**

Annotations:

Amendments (Textual)

F34 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F35 **39**

Annotations:

Amendments (Textual)

F35 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

F36 **40**

Annotations:

Amendments (Textual)

F36 Ss. 31-40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101, 201(3), Sch. 11 paras. 22, 26(2), 27).

Insurance companies and friendly societies

41 Apportionment of income etc.

Schedule 6 to this Act (which makes provision about the apportionment of income etc. and related provision) shall have effect.

42 Overseas life assurance business.

Schedule 7 to this Act (which makes provision about the taxation of overseas life assurance business) shall have effect.

43 Deduction for policy holders' tax.

- (1) In section 82(1)(a) of the ^{M9}Finance Act 1989 (computation of profits on Case I basis), for the words “, in respect of the period, are allocated to or expended on behalf of policy holders or annuitants” there shall be substituted the words “ are allocated to, and any amounts of tax or foreign tax which are expended on behalf of, policy holders or annuitants in respect of the period”.

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- (2) In section 436(3) of the Taxes Act 1988 (modified application of section 82 in relation to computations of profits of general annuity business or pension business), the words “and of the words “tax or” in section 82(1)(a)” shall be added at the end of paragraph (a).
- (3) The Finance Act 1989 shall be deemed always to have had effect with the amendment made by subsection (1) above, and the amendment made by subsection (2) above shall have the same effect as, by virtue of section 84(5)(b) of that Act, it would have had if it had been made by Schedule 8 to that Act.

Annotations:

Marginal Citations

M9 1989 c. 26.

44 Reinsurance commissions.

- (1) In section 85(2) of the Finance Act 1989 (receipts excluded from charge under Case VI of Schedule D), after paragraph (c) there shall be inserted—
“(ca) any reinsurance commission; or”.
- (2) In section 86 of the Finance Act 1989 (spreading of relief for expenses), at the end of subsection (1) there shall be added the words “ and less any reinsurance commissions falling within section 76(1)(ca) of that Act”.
- (3) In section 76(1) of the Taxes Act 1988 (treatment of expenses of management), after paragraph (c) there shall be inserted—
“(ca) there shall also be deducted from the amount treated as the expenses of management for any accounting period any reinsurance commission earned in the period which is referable to basic life assurance business; and”.
- (4) Sections 85 and 86 of the ^{M10}Finance Act 1989 shall be deemed always to have had effect with the amendments made by subsections (1) and (2) above, and section 76 of the Taxes Act 1988 shall have effect as if the amendment made by subsection (3) above had been included among those made by section 87 of the Finance Act 1989.
- (5) Nothing in subsection (2) above applies to commissions in respect of the reinsurance of liabilities assumed by the recipient company in respect of insurances made before 14th March 1989, but without prejudice to the application of that subsection to any reinsurance commission attributable to a variation on or after that date in a policy issued in respect of such an insurance; and for this purpose the exercise of any rights conferred by a policy shall be regarded as a variation of it.

Annotations:

Marginal Citations

M10 1989 c. 26.

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45 Policy holders' share of profits etc.

- (1) In section 88 of the Finance Act 1989 (corporation tax: policy holders' fraction of profits), in subsection (1) for the words "the policy holders' fraction of its relevant profits for any accounting period shall" there shall be substituted the words—
 - “(a) the policy holders' share of the relevant profits for any accounting period, or
 - (b) where the business is mutual business, the whole of those profits
- (2) In subsection (4) of that section, for the word “fraction” there shall be substituted the word “share”, and after the words “that period” there shall be inserted the words “, or where the business is mutual business the whole of those profits,”.
- (3) For section 89 of that Act (which defines the shareholders' and policy holders' fractions) there shall be substituted—

“89 Policy holders' share of profits.

- (1) The references in section 88 above to the policy holders' share of the relevant profits for an accounting period of a company carrying on life assurance business are references to the amount arrived at by deducting from those profits the Case I profits of the company for the period in respect of the business, reduced in accordance with subsection (2) below.
- (2) For the purposes of subsection (1) above, the Case I profits for a period shall be reduced by—
 - (a) the amount, so far as unrelieved, of any franked investment income arising in the period as respects which the company has made an election under section 438(6) of the Taxes Act 1988, and
 - (b) the shareholders' share of any other unrelieved franked investment income arising in the period from investments held in connection with the business.
- (3) For the purposes of this section “the shareholders' share” in relation to any income is so much of the income as is represented by the fraction

$$\frac{A}{B}$$

where—

A is an amount equal to the Case I profits of the company for the period in question in respect of its life assurance business, and

B is an amount equal to the excess of the company's relevant non-premium income and relevant gains over its relevant expenses and relevant interest for the period.

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- (4) Where there is no such excess as is mentioned in subsection (3) above, or where the Case I profits are greater than any excess, the whole of the income shall be the shareholders' share; and (subject to that) where there are no Case I profits, none of the income shall be the shareholders' share.
 - (5) In subsection (3) above the references to the relevant non-premium income, relevant gains, relevant expenses and relevant interest of a company for an accounting period are references respectively to the following items as brought into account for the period, so far as referable to the company's life assurance business,—
 - (a) the company's investment income from the assets of its long-term business fund together with its other income, apart from premiums;
 - (b) any increase in the value (whether realised or not) of those assets;
 - (c) expenses payable by the company;
 - (d) interest payable by the company;and if for any period there is a reduction in the value referred to in paragraph (b) above (as brought into account for the period), that reduction shall be taken into account as an expense of the period.
 - (6) Except in so far as regulations made by the Treasury otherwise provide, in this section "brought into account" means brought into account in the revenue account prepared for the purposes of the Insurance Companies Act 1982; and where the company's period of account does not coincide with the accounting period, any reference to an amount brought into account for the accounting period is a reference to the corresponding amount brought into account for the period of account in which the accounting period is comprised, proportionately reduced to reflect the length of the accounting period as compared with the length of the period of account.
 - (7) In this section "Case I profits" means profits computed in accordance with the provisions of the Taxes Act 1988 applicable to Case I of Schedule D.
 - (8) For the purposes of this section franked investment income is "unrelieved" if—
 - (a) it has not been excluded from charge to tax by virtue of any provision,
 - (b) no tax credit comprised in it has been paid, and
 - (c) no relief has been allowed against it by deduction or set-off."
- (4) In subsection (3) of section 434 of the Taxes Act 1988 (franked investment income etc.)
- (a) for the words "policy holders' fraction" in both places where they occur there shall be substituted the words "policy holders' share";
 - (b) in paragraph (a), after the word "income" there shall be inserted the words "from investments held in connection with the company's life assurance business";
 - (c) in paragraph (b), for the words "only to the shareholders' fraction of that income" there shall be substituted the words "to that income excluding the amount within paragraph (a) above".
- (5) In subsection (3A) of that section, for the word "fraction" there shall be substituted the word "share".

^{F37}(6)

Status: This version of this Act contains provisions that are prospective.

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(7) After subsection (6) of that section there shall be inserted—

“(6A) For the purposes of this section—

- (a) “the policy holders’ share” of any franked investment income is so much of that income as is not the shareholders’ share within the meaning of section 89 of the Finance Act 1989, and
- (b) “the policy holders’ share of the relevant profits” has the same meaning as in section 88 of that Act.”

^{F38}(8)

^{F39}(9)

(10) The ^{M11}Finance Act 1989 shall be deemed always to have had effect with the amendments made by subsections (1) to (3) above, and the amendments made by subsections (4) to (9) above shall have the same effect as, by virtue of section 84(5)(b) of that Act, they would have had if they had been made by Schedule 8 to that Act.

(11) Paragraphs 1 and 3(3) of Schedule 8 to the Finance Act 1989 shall be deemed never to have had effect.

Annotations:

Amendments (Textual)

- F37** S. 45(6) repealed (31.7.1998 with effect in accordance with Schedule 3 to the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt.(2)** Note
- F38** S. 45(8) repealed (1.5.1995 with effect as mentioned in **Sch. 8 paras. 55-57** of the amending Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII**
- F39** S. 45(9) repealed (31.7.1997 with effect in accordance with the provisions of Sch. 3 to the amending Act, other than para. 11) by 1997 c. 58, s. 52, **Sch. 8 Pt. II (6)** Note (with s. 3(3))

Marginal Citations

M11 1989 c. 26.

^{F40}**46**

Annotations:

Amendments (Textual)

- F40** S. 46 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 101, 201(3), **Sch. 11 paras. 22, 26(2), 27**) (and expressed to be modified (31.7.1992) by S.I. 1992/1655, **arts. 1, 19(1)**); and expressed to be excluded (27.7.1993) by 1993 c. 34, s. **91(1)**.

^{F41}**47**

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

- F41** S. 47 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

48 Transfers of long term business.

Schedule 9 to this Act (which makes provision about the tax consequences of certain transfers of long term business by insurance companies) shall have effect.

49 Friendly societies: increased tax exemption.

- (1) In subsection (2) of section 460 of the Taxes Act 1988 (exemption from tax for profits of friendly society arising from life or endowment business), in paragraph (c)—
 - (a) in sub-paragraph (i), for “£100” there shall be substituted “£150”; and
 - (b) after that sub-paragraph there shall be inserted—

“(ia) where the profits relate to contracts made after 31st August 1987 but before 1st September 1990, of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £100;”.
- (2) In subsection (3) of that section, for the words “of subsection (2)(c)(i)” there shall be substituted the words “of subsection (2)(c)(i) or (ia)”.
- (3) In subsection (3) of section 464 of that Act (maximum benefits payable to members of friendly societies), for the words from “Kingdom)” to the end there shall be substituted the words “Kingdom)—unless all those contracts were made before 1st September 1987.
 - (a) contracts under which the total premiums payable in any period of 12 months exceed £150; or
 - (b) contracts made before 1st September 1990 under which the total premiums payable in any period of 12 months exceed £100,
- (4) In subsection (4) of that section, for the word “limit” there shall be substituted the word “limits”.
- (5) In paragraph 3(8)(b)(ii) of Schedule 15 to that Act (amount of premiums to be disregarded in determining whether a policy meets conditions for it to be a qualifying policy), after the word “premiums” there shall be inserted the words “or, where those premiums are payable otherwise than annually, an amount equal to 10 per cent. of those premiums if that is greater”.

50 Friendly societies: application of enactments.

- (1) Section 463 of the Taxes Act 1988 (application to life or endowment business of friendly societies of Corporation Tax Acts as they apply to mutual life assurance business) shall be renumbered as subsection (1) of that section.

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(2) After that provision as so renumbered there shall be added—

“(2) The provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the long term business of an insurance company to another company shall apply in the same way—

(a) on the transfer of the whole or part of the business of a friendly society to another friendly society (and on the amalgamation of friendly societies), and

(b) on the transfer of the whole or part of the business of a friendly society to a company which is not a friendly society (and on the conversion of a friendly society into such a company),

so however that the Treasury may by regulations provide that those provisions as so applied shall have effect subject to such modifications and exceptions as may be prescribed by the regulations.

(3) The Treasury may by regulations provide that the provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the long term business of an insurance company to another company shall have effect where the transferee is a friendly society subject to such modifications and exceptions as may be prescribed by the regulations.

(4) Regulations under this section may make different provision for different cases and may include provision having retrospective effect.”

Unit and investment trusts etc.

^{F42}51

Annotations:

Amendments (Textual)

F42 S. 51 repealed (29.4.1996 with effect for the year 1996-1997 and subsequent years of assessment) by 1996 c. 8, ss. 73, 205, Sch. 6, **Sch. 41 Pt. V(1)** Note 1

52 Unit trusts: repeals.

- (1) The Taxes Act 1988 shall have effect subject to the following provisions of this section.
- (2) In section 468 (authorised unit trusts) subsection (5) shall not apply as regards a distribution period beginning after 31st December 1990.
- (3) Where a particular distribution period is by virtue of subsection (2) above the last distribution period as regards which section 468(5) applies in the case of a trust, the trustees' liability to income tax in respect of any source of income chargeable under Case III of Schedule D shall be assessed as if they had ceased to possess the source of income on the last day of that distribution period.
- (4) But where section 67 of the Taxes Act 1988 applies by virtue of subsection (3) above, it shall apply with the omission from subsection (1)(b) of the words from “and shall” to “this provision”.

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- (5) Section 468B (certified unit trusts: corporation tax) shall not apply as regards an accounting period ending after 31st December 1990.
- (6) Section 468C (certified unit trusts: distributions) shall not apply as regards a distribution period ending after 31st December 1990.
- (7) Section 468D (funds of funds: distributions) shall not apply as regards a distribution period ending after 31st December 1990.
- (8) In this section “distribution period” has the same meaning as in section 468 of the Taxes Act 1988.

53 Unit trust managers: exemption from bond-washing provisions.

^{F43}(1)

- (2) Section 472 of the Taxes Act 1970 (corresponding provision of the old law) shall be deemed always to have had effect with the insertion after subsection (5) of the subsection set out in subsection (1) above.

Annotations:

Amendments (Textual)

F43 S. 53(1) repealed (31.7.1997 with effect in accordance with s. 26 of the amending Act) by 1997 c. 58, ss. 26, 52, **Sch. 8 Pt. II(8)** note (with s. 3(3))

^{F44}54

Annotations:

Amendments (Textual)

F44 S. 54 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), **Sch. 11** paras. 22, 26(2), 27).

55 Investment trusts.

- (1) In section 842 of the Taxes Act 1988 (investment trusts) the following subsections shall be inserted after subsection (2)—
 - “(2A) Subsection (1)(e) above shall not apply as regards an accounting period if—
 - (a) the company is required to retain income in respect of the period by virtue of a restriction imposed by law, and
 - (b) the amount of income the company is so required to retain in respect of the period exceeds an amount equal to 15 per cent. of the income the company derives from shares and securities.
 - (2B) Subsection (2A) above shall not apply where—

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- (a) the amount of income the company retains in respect of the accounting period exceeds the amount of income it is required by virtue of a restriction imposed by law to retain in respect of the period, and
- (b) the amount of the excess or, where the company distributes income in respect of the period, that amount together with the amount of income which the company so distributes is at least £10,000 or, where the period is less than 12 months, a proportionately reduced amount.

(2C) Paragraph (e) of subsection (1) above shall not apply as regards an accounting period if the amount which the company would be required to distribute in order to fall within that paragraph is less than £10,000 or, where the period is less than 12 months, a proportionately reduced amount.”

- (2) This section applies in relation to accounting periods ending on or after the day on which this Act is passed.

Securities

F45 56

Annotations:

Amendments (Textual)

F45 S. 56 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Part IV of the amending Act) by 1996 c. 8, ss. 105, 205, Sch. 41 Pt. V(3) Note

F46 57 Deep gain securities.

- (1) In Schedule 11 to the ^{M12}Finance Act 1989 (deep gain securities) paragraph 1 (meaning of deep gain security) shall be amended as follows.
- (2) The following sub-paragraph shall be inserted after sub-paragraph (3)—

“(3A) In the case of a security issued on or after 9th June 1989, for the purposes of sub-paragraph (2) above “redemption” does not include any redemption which may be made before maturity only if—

- (a) the person who issued the security fails to comply with the duties imposed on him by the terms of issue,
- (b) the person who issued the security becomes unable to pay his debts, or
- (c) the security was issued by a company and a person gains control of the company in pursuance of the acceptance of an offer made by that person to acquire shares in the company.”

- (3) The amendment made by this section shall be deemed always to have had effect.]

Annotations:

Amendments (Textual)

F46 S. 57 repealed (retrospectively and to be taken always to have had effect) by Finance (No. 2) Act 1992 (c. 48), ss. 33, 82, Sch. 7 para. 7 Sch. 18 Pt. VII (made 16.7.1992).

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M12 1989 c. 26.

^{F47}**58**

Annotations:

Amendments (Textual)

F47 [S. 58](#) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of [Part IV](#) of the amending Act) by [1996 c. 8, ss. 105, 205, Sch. 41 Pt. V\(3\)](#) Note

^{F48}**59**

Annotations:

Amendments (Textual)

F48 [S. 59](#) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of [Part IV](#) of the amending Act) by [1996 c. 8, ss. 105, 205, Sch. 41 Pt. V\(3\)](#) Note

Oil industry

^{F49}**60**

Annotations:

Amendments (Textual)

F49 [S. 60](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

^{F50}**61**

Annotations:

Amendments (Textual)

F50 [S. 61](#) repealed (for losses incurred in accounting periods ending on or after 01.04.1991) by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 123, Sch. 19 Pt. V](#) Note 4(c).

62 CT treatment of PRT repayment.

- (1) In section 500 of the Taxes Act 1988 (deduction of PRT in computing income for corporation tax purposes), in subsection (4) (reduction or extinguishment of deduction where PRT repaid)—

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- (a) at the beginning there shall be inserted the words “Subject
to the following provisions of this section”; and
- (b) for the words “accounting period” there shall be substituted “calendar year”.

(2) For subsection (5) of that section there shall be substituted the following subsections—

“(5) If, in a case where paragraph 17 of Schedule 2 to the 1975 Act applies, an amount of petroleum revenue tax in respect of which a deduction has been made under subsection (1) above is repaid by virtue of an assessment under that Schedule or an amendment of such an assessment, then, so far as concerns so much of that repayment as constitutes the appropriate repayment,—

- (a) subsection (4) above shall not apply; and
- (b) the following provisions of this section shall apply in relation to the company which is entitled to the repayment.

(6) In subsection (5) above and the following provisions of this section—

- (a) “the appropriate repayment” has the meaning assigned by sub-paragraph (2) of paragraph 17 of Schedule 2 to the 1975 Act;
- (b) in relation to the appropriate repayment, a “carried back loss” means an allowable loss which falls within sub-paragraph (1)(a) of that paragraph and which (alone or together with one or more other carried back losses) gives rise to the appropriate repayment;
- (c) in relation to a carried back loss, “the operative chargeable period” means the chargeable period in which the loss accrued; and
- (d) in relation to the company which is entitled to the appropriate repayment, “the relevant accounting period” means the accounting period in or at the end of which ends the operative chargeable period or, if the company’s ring fence trade is permanently discontinued before the end of the operative chargeable period, the last accounting period of that trade.

(7) In computing for corporation tax the amount of the company’s income arising in the relevant accounting period from oil extraction activities or oil rights there shall be added an amount equal to the appropriate repayment; but this subsection has effect subject to subsection (8) below in any case where—

- (a) two or more carried back losses give rise to the appropriate repayment; and
- (b) the operative chargeable period in relation to each of the carried back losses is not the same; and
- (c) if subsection (6)(d) above were applied separately in relation to each of the carried back losses there would be more than one relevant accounting period.

(8) Where paragraphs (a) to (c) of subsection (7) above apply, the appropriate repayment shall be treated as apportioned between each of the relevant accounting periods referred to in paragraph (c) of that subsection in such manner as to secure that the amount added by virtue of that subsection in relation to each of those relevant accounting periods is what it would have been if—

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- (a) relief for each of the carried back losses for which there is a different operative chargeable period had been given by a separate assessment or amendment of an assessment under Schedule 2 to the 1975 Act; and
 - (b) relief for a carried back loss accruing in an earlier chargeable period had been so given before relief for a carried back loss accruing in a later chargeable period.
- (9) Any additional assessment to corporation tax required in order to give effect to the addition of an amount by virtue of subsection (7) above may be made at any time not later than six years after the end of the calendar year in which is made the repayment of petroleum revenue tax comprising the appropriate repayment.
- (10) In this section “allowable loss” and “chargeable period” have the same meaning as in Part I of the 1975 Act and “calendar year” means a period of twelve months beginning on 1st January.”
- (3) At the end of section 502(1) of the Taxes Act 1988 (defined expressions for Chapter V of Part XII) there shall be added “and
- “ring fence trade” means activities which—
 - (a) fall within any of paragraphs (a) to (c) of subsection (1) of section 492; and
 - (b) constitute a separate trade (whether by virtue of that subsection or otherwise)”.

^{F51} **63**

Annotations:

Amendments (Textual)

F51 Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

^{F52} **64**

Annotations:

Amendments (Textual)

F52 Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

International

^{F53} **65**

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Annotations:

Amendments (Textual)

- F53** Ss. 63-65 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), **Sch. 11** paras. 22, 26(2), 27).

^{F54} **66**

Annotations:

Amendments (Textual)

- F54** S. 66 repealed (3.5.1994 with effect in accordance with s. 251 of the amending Act) by [1994 c. 9](#), ss. 251, 258, **Sch. 26 Pt. VIII** (1) Note

67 Dual resident companies: controlled foreign companies.

^{F55} (1)

(2)

(3) In Schedule 25 to that Act—

- (a) paragraphs 2(1)(c) and 4(1)(c) shall be omitted,
- (b) after paragraph 2(1) there shall be inserted—

“(1A) A payment of dividend to a company shall not fall within sub-paragraph (1)(d) above unless it is taken into account in computing the company’s income for corporation tax.”, and

- (c) after paragraph 4(1) there shall be inserted—

“(1A) A payment to a company shall not be a subsequent dividend within the meaning of sub-paragraph (1)(b) above unless it is taken into account in computing the company’s income for corporation tax.”

- (4) Subsections (1) and (2) above shall apply on and after 20th March 1990 and subsection (3) above shall apply to dividends paid on or after that date.

Annotations:

Amendments (Textual)

- F55** S. 67(1)(2) repealed (3.5.1994 with effect in accordance with [section 251](#) of the amending Act) by [1994 c. 9](#), ss. 251, 258, **Sch. 26 Pt. VIII(1)** Note

68 Movements of capital between residents of member States.

- (1) In section 765 of the Taxes Act 1988 (certain transactions unlawful unless carried out with Treasury consent), in subsection (1), after the words “Subject to the provisions of this section” there shall be inserted the words “and section 765A”.

- (2) After that section there shall be inserted—

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“765A Movements of capital between residents of member States.

- (1) 765(1) shall not apply to a transaction which is a movement of capital to which Article 1 of the Directive of the Council of the European Communities dated 24th June 1988 No. [88/361/EEC](#) applies.
- (2) Where if that Article did not apply to it a transaction would be unlawful under section 765(1), the body corporate in question (that is to say, the body corporate resident in the United Kingdom) shall—
 - (a) give to the Board within six months of the carrying out of the transaction such information relating to the transaction, or to persons connected with the transaction, as regulations made by the Board may require, and
 - (b) where notice is given to the body corporate by the Board, give to the Board within such period as is prescribed by regulations made by the Board (or such longer period as the Board may in the case allow) such further particulars relating to the transaction, to related transactions, or to persons connected with the transaction or related transactions, as the Board may require.”
- (3) In section 98 of the ^{M13}Taxes Management Act 1970 (penalties for failure to furnish information and for false information)—
 - (a) in subsection (1), after the words “Subject to” there shall be inserted the words “
the provisions of this section and”;
 - (b) after subsection (4) there shall be inserted—

“(5) In the case of a failure to comply with section 765A(2)(a) or (b) of the principal Act, subsection (1) above shall have effect as if for “£300” there were substituted “
£3,000” and as if for “£60” there were substituted “
£600”.”;
 - (c) in the first column of the Table, after “section 755” there shall be inserted “
section 765A(2)(b);”;
 - (d) in the second column of the Table, after “section 639” there shall be inserted “
section 765A(2)(a);”.
- (4) This section shall apply to transactions carried out on or after 1st July 1990.

Annotations:

Marginal Citations

M13 [1970 c. 9.](#)

69 European Economic Interest Groupings.

Schedule 11 to this Act (which makes provision about the taxation of income and gains in the case of European Economic Interest Groupings) shall have effect.

^{F56}**70**

Status: This version of this Act contains provisions that are prospective.
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Annotations:

Amendments (Textual)

- F56** S. 70 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, Sch. 12 (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

Miscellaneous

71 Relief for interest.

For the year 1990-91 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

^{F57}72

Annotations:

Amendments (Textual)

- F57** S. repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

^{F58}73

Annotations:

Amendments (Textual)

- F58** S. 73 repealed (3.5.1994 with effect in relation to shares issued on or after 1st January 1994) by [1994 c. 9](#), s. 258, **Sch. 26 Pt. V(17)** Note

^{F59}74

Annotations:

Amendments (Textual)

- F59** S. 74 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of [Part IV](#) of the amending Act) by [1996 c. 8](#), ss. 105, 205, **Sch. 41 Pt. V(3)** Note

^{F60}75

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

F60 [S. 75](#) repealed (3.5.1994) by [1994 c. 9, s. 258, Sch. 26 Pt. V\(21\)](#)

76 Training and enterprise councils and local enterprise companies.

After section 79 of the Taxes Act 1988 there shall be inserted—

“79A Contributions to training and enterprise councils and local enterprise companies.

- (1) Notwithstanding anything in section 74, but subject to the provisions of this section, where a person carrying on a trade, profession or vocation makes any contribution (whether in cash or in kind) to a training and enterprise council or a local enterprise company, any expenditure incurred by him in making the contribution may be deducted as an expense in computing the profits or gains of the trade, profession or vocation for the purposes of tax if it would not otherwise be so deductible.
- (2) Where any such contribution is made by an investment company any expenditure allowable as a deduction under subsection (1) above shall for the purposes of section 75 be treated as expenses of management.
- (3) Subsection (1) above does not apply in relation to a contribution made by any person if either he or any person connected with him receives or is entitled to receive a benefit of any kind whatsoever for or in connection with the making of that contribution, whether from the council or company concerned or from any other person.
- (4) In any case where—
 - (a) relief has been given under subsection (1) above in respect of a contribution, and
 - (b) any benefit received in any chargeable period by the contributor or any person connected with him is in any way attributable to that contribution,the contributor shall in respect of that chargeable period be charged to tax under Case I or Case II of Schedule D, or if he is not chargeable to tax under either of those Cases for that period under Case VI of Schedule D, on an amount equal to the value of that benefit.
- (5) In this section—
 - (a) “training and enterprise council” means a body with which the Secretary of State has made an agreement (not being one which has terminated) under which it is agreed that the body shall carry out the functions of a training and enterprise council, and
 - (b) “local enterprise company” means a company with which an agreement (not being one which has terminated) under which it is agreed that the company shall carry out the functions of a local enterprise company has been made by the Scottish Development Agency, the Highlands and Islands Development Board, Scottish Enterprise or Highlands and Islands Enterprise.

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (6) Section 839 applies for the purposes of subsections (3) and (4) above.
- (7) This section applies to contributions made on or after 1st April 1990 and before 1st April 1995.”

77 Expenses of entertainers.

The following section shall be inserted after section 201 of the Taxes Act 1988—

“201A Expenses of entertainers.

- (1) Where emoluments of an employment to which this section applies fall to be charged to tax for a year of assessment for which this section applies, there may be deducted from the emoluments of the employment to be charged to tax for the year—
 - (a) fees falling within subsection (2) below, and
 - (b) any additional amount paid by the employee in respect of value added tax charged by reference to those fees.
- (2) Fees fall within this subsection if—
 - (a) they are paid by the employee to another person,
 - (b) they are paid under a contract made between the employee and the other person, who agrees under the contract to act as an agent of the employee in connection with the employment,
 - (c) at each time any of the fees are paid the other person carries on an employment agency with a view to profit and holds a current licence for the agency,
 - (d) they are calculated as a percentage of the emoluments of the employment or as a percentage of part of those emoluments, and
 - (e) they are defrayed out of the emoluments of the employment falling to be charged to tax for the year concerned.
- (3) For the purposes of subsection (2) above—
 - (a) “employment agency” means an employment agency within the meaning given by section 13(2) of the Employment Agencies Act 1973, and
 - (b) a person holds a current licence for an employment agency if he holds a current licence under that Act authorising him to carry on the agency.
- (4) The amount which may be deducted by virtue of this section shall not exceed 175 per cent. of the emoluments of the employment falling to be charged to tax for the year concerned.
- (5) This section applies to employment as an actor, singer, musician, dancer or theatrical artist.
- (6) This section applies for the year 1990–91 and subsequent years of assessment.”

78 Waste disposal.

The following sections shall be inserted after section 91 of the Taxes Act 1988—

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“91A Waste disposal: restoration payments.

- (1) This section applies where on or after 6th April 1989 a person makes a site restoration payment in the course of carrying on a trade.
- (2) Subject to subsection (3) below, for the purposes of income tax or corporation tax the payment shall be allowed as a deduction in computing the profits or gains of the trade for the period of account in which the payment is made.
- (3) Subsection (2) above shall not apply to so much of the payment as—
 - (a) represents expenditure which has been allowed as a deduction in computing the profits or gains of the trade for any period of account preceding the period of account in which the payment is made, or
 - (b) represents capital expenditure in respect of which an allowance has been, or may be, made under the enactments relating to capital allowances.
- (4) For the purposes of this section a site restoration payment is a payment made—
 - (a) in connection with the restoration of a site or part of a site, and
 - (b) in order to comply with any condition of a relevant licence, or any condition imposed on the grant of planning permission to use the site for the carrying out of waste disposal activities, or any term of a relevant agreement.
- (5) For the purposes of this section waste disposal activities are the collection, treatment, conversion and final depositing of waste materials, or any of those activities.
- (6) For the purposes of this section a relevant licence is—
 - (a) a disposal licence under Part I of the Control of Pollution Act 1974 or Part II of the Pollution Control and Local Government (Northern Ireland) Order 1978, or
 - (b) a waste management licence under Part II of the Environmental Protection Act 1990 or any corresponding provision for the time being in force in Northern Ireland.
- (7) For the purposes of this section a relevant agreement is an agreement made under section 52 of the Town and Country Planning Act 1971, section 50 of the Town and Country Planning (Scotland) Act 1972 or section 106 of the Town and Country Planning Act 1990 (all of which relate to agreements regulating the development or use of land) or under any provision corresponding to section 106 of the Town and Country Planning Act 1990 and for the time being in force in Northern Ireland.
- (8) For the purposes of this section a period of account is a period for which an account is made up.

91B Waste disposal: preparation expenditure.

- (1) This section applies where a person—
 - (a) incurs, in the course of carrying on a trade, site preparation expenditure in relation to a waste disposal site (the site in question),

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- (b) holds, at the time the person first deposits waste materials on the site in question, a relevant licence which is then in force,
- (c) makes a claim for relief under this section in such form as the Board may direct, and
- (d) submits such plans and other documents (if any) as the Board may require;

and it is immaterial whether the expenditure is incurred before or after the coming into force of this section.

- (2) In computing the profits or gains of the trade for a period of account ending after 5th April 1989, the allowable amount shall be allowed as a deduction for the purposes of income tax or corporation tax.
- (3) In relation to a period of account (the period in question) the allowable amount shall be determined in accordance with the formula—

$$\left(A - B \right) x \frac{C}{C + D}$$

- (4) A is the site preparation expenditure incurred by the person at any time before the beginning of, or during, the period in question—
 - (a) in relation to the site in question, and
 - (b) in the course of carrying on the trade;
 but this subsection is subject to subsections (5) and (9) below.
- (5) A does not include any expenditure—
 - (a) which has been allowed as a deduction in computing the profits or gains of the trade for any period of account preceding the period in question, or
 - (b) which constitutes capital expenditure in respect of which an allowance has been, or may be, made under the enactments relating to capital allowances.
- (6) B is an amount equal to any amount allowed as a deduction under this section, if allowed—
 - (a) in computing the profits or gains of the trade for any period of account preceding the period in question, and
 - (b) as regards expenditure incurred in relation to the site in question;
 and if different amounts have been so allowed as regards different periods, B is the aggregate of them.
- (7) C is the volume of waste materials deposited on the site in question during the period in question; but if the period is one beginning before 6th April 1989 C shall be reduced by the volume of any waste materials deposited on the site during the period but before that date.

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- (8) D is the capacity of the site in question not used up for the deposit of waste materials, looking at the state of affairs at the end of the period in question.
- (9) Where any of the expenditure which would be included in A (apart from this subsection) was incurred before 6th April 1989, A shall be reduced by an amount determined in accordance with the formula—

$$Ex \frac{F}{F + G}$$

- (10) For the purposes of subsection (9) above—
- (a) E is so much of the initial expenditure (that is, the expenditure which would be included in A apart from subsection (9) above) as was incurred before 6th April 1989,
 - (b) F is the volume of waste materials deposited on the site in question before 6th April 1989, and
 - (c) G is the capacity of the site in question not used up for the deposit of waste materials, looking at the state of affairs immediately before 6th April 1989.
- (11) For the purposes of this section—
- (a) a waste disposal site is a site used (or to be used) for the disposal of waste materials by their deposit on the site,
 - (b) in relation to such a site, site preparation expenditure is expenditure on preparing the site for the deposit of waste materials (and may include expenditure on earthworks),
 - (c) in relation to such a site, “capacity” means capacity expressed in volume,
 - (d) “relevant licence” has the same meaning as in section 91A, and
 - (e) a period of account is a period for which an account is made up.”

79 Priority share allocations for employees etc.

- (1) In section 68 of the ^{M14}Finance Act 1988 (which provides for the benefits derived from priority rights in share offers to be disregarded in certain circumstances), after subsection (3) there shall be inserted—

“(3A) The fact that the allocations of shares in the company to which persons who are not directors or employees of the company are entitled are smaller than those to which directors or employees of the company are entitled shall not be regarded for the purposes of subsection (2)(b) above as meaning that they are not entitled on similar terms if—

- (a) each of the first-mentioned persons is also entitled, by reason of his office or employment and in priority to members of the public, to an allocation of shares in another company or companies which are

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offered to the public (at a fixed price or by tender) at the same time as the shares in the company, and

- (b) in the case of each of those persons the aggregate value (measured by reference to the fixed price or the lowest price successfully tendered) of all the shares included in the allocations to which he is entitled is the same, or as nearly the same as is reasonably practicable, as that of the shares in the company included in the entitlement of a comparable director or employee of the company.”

- (2) This section applies to offers made on or after the day on which this Act is passed.

Annotations:

Marginal Citations

M14 1988 c. 39.

80 **Broadcasting: transfer of undertakings of Independent Broadcasting Authority and Cable Authority.**

Schedule 12 to this Act shall have effect.

81 **Futures and options: exemptions.**

- (1) ^{F61}.....

- (2) The following section shall be inserted at the end of Part XIV of the Taxes Act 1988 (pension schemes etc.)—

“659A Futures and options.

- (1) For the purposes of sections 592(2), 608(2)(a), 613(4), 614(3) and (4), 620(6) and 643(2)—

- (a) “investments” (or “investment”)

includes futures contracts and options contracts, and

- (b) income derived from transactions relating to such contracts shall be regarded as income derived from (or income from) such contracts,

and paragraph 7(3)(a) of Schedule 22 to this Act shall be construed accordingly.

- (2) For the purposes of subsection (1) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.”

- ^{F62}(3).....

- (4) Section 659 of the Taxes Act 1988 (financial futures and traded options) shall cease to have effect.

- (5) Subsections (1) and (2) above apply in relation to income derived after the day on which this Act is passed.

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- (6)
- (7) Insofar as section 659 of the Taxes Act 1988 relates to provisions of that Act, subsection (4) above applies in relation to income derived after the day on which this Act is passed.
- (8) Insofar as section 659 of the Taxes Act 1988 relates to section 149B of the ^{M15}Capital Gains Tax Act 1979, subsection (4) above applies in relation to disposals made after the day on which this Act is passed.

Annotations:

Amendments (Textual)

- F61** S. 81(1) repealed (with effect as mentioned in s. 83(3) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt. 3\(13\)](#)
- F62** S. 81(3)(6) repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2), 27)

Marginal Citations

- M15** 1979 c. 14.

^{F63}**82**

Annotations:

Amendments (Textual)

- F63** S. 82 repealed (1.5.1995 with effect for the year 1995-1996 and subsequent years of assessment) by 1995 c. 4, s. 162, [Sch. 29 Pt. VIII\(8\)](#) Note

^{F64}**83**

Annotations:

Amendments (Textual)

- F64** Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

^{F65}**84**

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Annotations:

Amendments (Textual)

F65 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F66 **85**

Annotations:

Amendments (Textual)

F66 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F67 **86**

Annotations:

Amendments (Textual)

F67 Ss. 83-86 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2),27).

F68 **87**

Annotations:

Amendments (Textual)

F68 [S. 87](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

88 Capital allowances: miscellaneous amendments.

Schedule 13 to this Act shall have effect.

89 Correction of errors in Taxes Act 1988.

Schedule 14 to this Act shall have effect.

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CHAPTER II

MANAGEMENT

Returns and information

90 Income tax returns.

- (1) The following sections shall be substituted for sections 8 and 9 of the ^{M16}Taxes Management Act 1970 (return of income)—

“8 Personal return.

- (1) For the purposes of assessing a person to income tax, he may be required by a notice given to him by an inspector—
- (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements, relating to information contained in the return, as may be required in pursuance of the notice.
- (2) Every return under this section shall include a declaration by the person making the return to the effect that the return is to the best of his knowledge correct and complete.
- (3) A notice under this section may require different information, accounts and statements for different periods or in relation to different descriptions of source of income.
- (4) Notices under this section may require different information, accounts and statements in relation to different descriptions of person.

8A Trustee’s return.

- (1) For the purpose of assessing a trustee of a settlement, and the settlors and beneficiaries, to income tax an inspector may by a notice given to the trustee require the trustee—
- (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements, relating to information contained in the return, as may be required in pursuance of the notice;
- and a notice may be given to any one trustee or separate notices may be given to each trustee or to such trustees as the inspector thinks fit.
- (2) Every return under this section shall include a declaration by the person making the return to the effect that the return is to the best of his knowledge correct and complete.

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- (3) A notice under this section may require different information, accounts and statements for different periods or in relation to different descriptions of source of income.
- (4) Notices under this section may require different information, accounts and statements in relation to different descriptions of settlement.

9 Partnership return.

- (1) Where a trade or profession is carried on by two or more persons jointly, for the purposes of making an assessment to income tax in the partnership name an inspector may act under subsection (2) or (3) below (or both).
- (2) An inspector may by a notice given to the partners require such person as is identified in accordance with rules given with the notice—
 - (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice.
- (3) An inspector may by a notice given to any partner require the partner—
 - (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice;
 and a notice may be given to any one partner or separate notices may be given to each partner or to such partners as the inspector thinks fit.
- (4) Every return under this section shall include—
 - (a) a declaration of the names and residences of the partners;
 - (b) a declaration by the person making the return to the effect that the return is to the best of his knowledge correct and complete.
- (5) A notice under this section may require different information, accounts and statements for different periods or in relation to different descriptions of source of income.
- (6) Notices under this section may require different information, accounts and statements in relation to different descriptions of partnership.”
- (2) In section 12 of that Act (information about chargeable gains)—
 - (a) in subsection (1) for the words “Section 8” there shall be substituted the words “Sections 8 and 8A” and for the words “it applies” there shall be substituted the words “they apply”;
 - (b) in subsection (2) after the words “section 8” there shall be inserted the words “or section 8A”;
 - (c) in subsection (4) the words “of income of a partnership” shall be omitted.
- (3) In section 93 of that Act (penalties) in subsection (1) for the words “9 of this Act (or either” there shall be substituted the words “8A or 9 of this Act (or any”.

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- (4) In section 95 of that Act (penalties) in subsection (1)(a) for the words “9 of this Act (or either” there shall be substituted the words “8A or 9 of this Act (or any”.
- (5) This section applies where a notice to deliver a return was, or falls to be, given after 5th April 1990.

Annotations:

Marginal Citations

M16 1970 c. 9.

^{F69}91

Annotations:

Amendments (Textual)

F69 S. 91 repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of section 117 of the amending Act) by 1998 c. 36, ss. 117, 165, Sch. 27 Pt. III(28) Note

92 Information powers relating to interest.

- (1) Section 17 of the ^{M17}Taxes Management Act 1970 (interest paid or credited by banks etc. without deduction of income tax) shall be amended as mentioned in subsections (2) and (3) below.
- (2) In subsection (1)—
- (a) after the words “without deduction of income tax” there shall be inserted the words “ or after deduction of income tax”;
 - (b) after the words “the amount of the interest” there shall be inserted the words “ actually paid or credited and (where the interest was paid or credited after deduction of income tax) the amount of the interest from which the tax was deducted and the amount of the tax deducted”;
 - (c) paragraph (a) of the proviso shall be omitted.
- (3) The following subsections shall be inserted after subsection (4)—
- “(5) The Board may by regulations provide as mentioned in all or any of the following paragraphs—
- (a) that a return under subsection (1) above shall contain such further information as is prescribed if the notice requiring the return specifies the information and requires it to be contained in the return;
 - (b) that a person required to make and deliver a return under subsection (1) above shall furnish with the return such further information as is prescribed if the notice requiring the return specifies the information and requires it to be so furnished;
 - (c) that if a person is required to furnish information under any provision made under paragraph (b) above, and the notice requiring the return

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specifies the form in which the information is to be furnished, the person shall furnish the information in that form;

- (d) that a notice under subsection (1) above shall not require prescribed information;

and in this subsection “prescribed” means prescribed by the regulations.

- (6) Regulations under subsection (5) above—

- (a) shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons,
- (b) may make different provision in relation to different cases or descriptions of case, and
- (c) may include such supplementary, incidental, consequential or transitional provisions as appear to the Board to be necessary or expedient.”

- (4) Section 18 of that Act (interest paid without deduction of income tax) shall be amended as mentioned in subsections (5) and (6) below.

- (5) In subsection (1)—

- (a) after the words “without deduction of income tax” there shall be inserted the words “or after deduction of income tax”;
- (b) in paragraph (b) for the words “so paid or received” there shall be substituted the words “actually paid or received and (where the interest has been paid or received after deduction of income tax) the amount of the interest from which the tax has been deducted and the amount of the tax deducted”;
- (c) for the words “its amount” there shall be substituted the words “the amount actually received and (where the interest has been received after deduction of income tax) the amount of the interest from which the tax has been deducted and the amount of the tax deducted”.

- (6) The following subsections shall be inserted after subsection (3A)—

“(3B) The Board may by regulations provide as mentioned in all or any of the following paragraphs—

- (a) that a person required to furnish information under subsection (1) above shall furnish at the same time such further information as is prescribed if the notice concerned specifies the information and requires it to be so furnished;
- (b) that if a person is required to furnish information under subsection (1) above or under any provision made under paragraph (a) above, and the notice concerned specifies the form in which the information is to be furnished, the person shall furnish the information in that form;
- (c) that a notice under subsection (1) above shall not require prescribed information;

and in this subsection “prescribed” means prescribed by the regulations.

- (3C) Regulations under subsection (3B) above—

- (a) shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons,
- (b) may make different provision in relation to different cases or descriptions of case, and

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- (c) may include such supplementary, incidental, consequential or transitional provisions as appear to the Board to be necessary or expedient.”
- (7) Subsections (1) to (3) above shall have effect as regards a case where interest is paid or credited in the year 1991-92 or a subsequent year of assessment.
- (8) Subsections (4) to (6) above shall have effect as regards a case where interest is paid in the year 1991-92 or a subsequent year of assessment.

Annotations:

Marginal Citations

M17 1970 c. 9.

93 Restrictions on Board’s power to call for information.

- (1) In section 20 of the ^{M18}Taxes Management Act 1970 (powers to call for information), after subsection (7) there shall be inserted—
- “(7A) A notice under subsection (2) above is not to be given unless the Board have reasonable grounds for believing—
- (a) that the person to whom it relates may have failed or may fail to comply with any provision of the Taxes Acts; and
 - (b) that any such failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax.”
- (2) This section shall apply with respect to notices given on or after the day on which this Act is passed.

Annotations:

Marginal Citations

M18 1970 c. 9.

^{F70}94

Annotations:

Amendments (Textual)

F70 S. 94 repealed (16.7.1992) (for claims made after 16.7.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 28(5)(6), 82, Sch. 18 Pt.VII.

Corporation tax determinations

^{F71}95

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Annotations:

Amendments (Textual)

- F71** [S. 95](#) repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of [section 117](#) of the amending Act) by [1998 c. 36, ss. 117, 165, Sch. 27 Pt. III\(28\)](#) Note

F72 **96**

Annotations:

Amendments (Textual)

- F72** [S. 96](#) repealed (27.7.1999 with effect in relation to accounting periods ending on or after 1.7.1999) by [1999 c. 16, ss. 92\(6\)\(7\), 139, Sch. 20 Pt. III\(20\)](#) Note

Claims by companies

F73 **97**

Annotations:

Amendments (Textual)

- F73** [S. 97](#) repealed (31.7.1997 with effect in relation to tax credits in respect of distributions made on or after 6th April 1999) by [1997 c. 58, ss. 34, 52, Sch. 4 paras. 2\(2\), 3\(2\), Sch. 8 Pt. II\(9\)](#) Note 1(with s. 3(3))

98 Repayment of income tax deducted at source.

- (1) The Taxes Act 1988 shall be amended as follows.
- (2) In section 7(2) (set off against corporation tax of income tax deducted from payments received by resident companies) the words from “and accordingly” to the end shall be omitted.

F74 (3)

- (4) In section 11(3) (set off against corporation tax of income tax deducted from payments received by non-resident companies) the words from “and accordingly” to the end shall be omitted.
- (5) This section applies in relation to income tax falling to be set off against corporation tax for accounting periods ending after the day appointed for the purposes of section 10 of the Taxes Act 1988 (pay and file).

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Annotations:

Amendments (Textual)

- F74** [S. 98\(3\)](#) repealed (31.7.1998 in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of [s. 117](#) of the amending Act) by [1998 c. 36, ss. 117, 165, Sch. 27 Pt. III](#) (28) Note

99 Loss relief.

- (1) The Taxes Act 1988 shall be amended as follows.
- (2) In section 393 (relief for trading losses) in subsection (1) (carry forward of losses on the making of a claim)—
 - (a) for the words “the company may make a claim requiring that the loss” there shall be substituted the words “ the loss shall”, and
 - (b) for the words “on that claim” there shall be substituted the words “ under this subsection”;and in subsection (11) (time limit for claims) the words from the beginning to “of six years; and” shall be omitted.
- (3) In section 396 (relief for Case VI losses on the making of a claim)—
 - (a) in subsection (1) for the words “the company may make a claim requiring that the loss” there shall be substituted the words “ the loss shall”, and
 - (b) subsection (3) (time limit for claims) shall cease to have effect.
- (4) This section applies in relation to accounting periods ending after the day appointed for the purposes of section 10 of the Taxes Act 1988 (pay and file).

F75 **100**

Annotations:

Amendments (Textual)

- F75** [S. 100](#) repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of [section 117](#) of the amending Act) by [1998 c. 36, ss. 117, 165, Sch. 27 Pt. III](#) (28) Note

F76 **101**

Annotations:

Amendments (Textual)

- F76** [S. 101](#) repealed (27.7.1999 with effect in relation to accounting periods ending on or after 1.7.1999) by [1999 c. 16, ss. 93, 139, Sch. 20 Pt. III\(21\)](#) Note

F77 **102**

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

- F77** [S. 102](#) repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of [section 117](#) of the amending Act) by [1998 c. 36, ss. 117, 165, Sch. 27 Pt. III](#) (28) Note

F78 **103**

Annotations:

Amendments (Textual)

- F78** [S. 103](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

Miscellaneous

104 Officers.

- (1) In section 1 of the ^{M19}Taxes Management Act 1970 (appointment of inspectors etc.) the following subsections shall be inserted after subsection (2)—
 - “(2A) The Board may appoint a person to be an inspector or collector for general purposes or for such specific purposes as the Board think fit.
 - (2B) Where in accordance with the Board’s administrative practices a person is authorised to act as an inspector or collector for specific purposes, he shall be deemed to have been appointed to be an inspector or collector for those purposes.”
- (2) In section 55 of that Act (recovery of tax not postponed)—
 - (a) in subsection (7) for the words “the inspector” there shall be substituted the words “
^{F79}(b) an inspector”;
- (3) The amendment made by subsection (1) above shall be deemed always to have had effect.
- (4) The amendments made by subsection (2) above shall apply where notice of appeal is given on or after the day on which this Act is passed.

Annotations:

Amendments (Textual)

- F79** [S. 104\(2\)\(b\)](#) repealed (11.5.2001 with effect in accordance with s. 88 and Sch. 29 of the repealing Act) by [2001 c. 9, s. 110, Sch. 33 Pt. 2\(13\)](#)

Marginal Citations

- M19** [1970 c. 9.](#)

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

105 Recovery of excessive repayments of tax.

- (1) In section 30 of the ^{M20}Taxes Management Act 1970 (recovery of excessive repayments of tax) the following subsection shall be inserted after subsection (1)—

“(1A) Subsection (1)

above shall not apply where the amount of tax which has been repaid is assessable under section 29 of this Act.”

- (2) This section applies in relation to amounts of tax repaid on or after the day on which this Act is passed.

Annotations:

Marginal Citations

M20 1970 c. 9.

106 Corporation tax: collection.

In section 10 of the Taxes Act 1988 (time for payment of tax) the following subsection shall be substituted for subsection (2)—

- “(2) Where by virtue of subsection (1)(a) above corporation tax for an accounting period of a company is due without the making of an assessment, the amount for the time being shown in a return by the company under section 11 of the Management Act (corporation tax return) as the corporation tax for the period shall be treated for the purposes of Part VI of the Management Act (collection and recovery) as tax charged and due and payable under an assessment on the company.”

PART III

STAMP DUTY AND STAMP DUTY RESERVE TAX

Repeals

[^{F80}107 Stamp duty to be abolished on bearer instruments.

- (1) Stamp duty shall not be chargeable under Schedule 15 to the Finance Act 1999 (bearer instruments).
- (2) Subsection (1) above applies in relation to the charge under paragraph 1 of that Schedule (charge on issue) where the instrument is issued on or after the abolition day.
- (3) Subsection (1) above applies in relation to the charge under paragraph 2 of that Schedule (charge on transfer of stock) where the stock constituted by or transferable by means of the instrument is transferred on or after the abolition day.]

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

F80 S. 107 substituted (27.7.1999 with application in relation to bearer instruments issued on or after 1.10.1999) by 1999 c. 16, s. 113(3)(4), **Sch. 16 para. 12**

108 Transfer of securities: abolition of stamp duty.

- (1) Where defined securities are transferred to or vested in a person by an instrument, stamp duty shall not be chargeable on the instrument.
- (2) In this section “defined securities” means—
 - (a) stocks, shares or loan capital,
 - (b) interests in, or in dividends or other rights arising out of, stocks, shares or loan capital,
 - (c) rights to allotments of or to subscribe for, or options to acquire or to dispose of, stocks, shares or loan capital, and
 - (d) units under a unit trust scheme.
- (3) In this section “loan capital” means—
 - (a) any debenture stock, corporation stock or funded debt, by whatever name known, issued by a government or a body corporate or other body of persons (which here includes a local authority and any body whether formed or established in the United Kingdom or elsewhere);
 - (b) any capital raised by a government, or by such a body as is mentioned in paragraph (a) above, if the capital is borrowed or has the character of borrowed money, and whether it is in the form of stock or any other form;
 - (c) stock or marketable securities issued by a government.
- (4) In this section “unit” and “unit trust scheme” have the same meanings as they had in Part VII of the ^{M21}Finance Act 1946 immediately before the abolition day.
- (5) In this section references to a government include references to a government department, including a Northern Ireland department.
- (6) In this section “government” means the government of the United Kingdom or of Northern Ireland or of any country or territory outside the United Kingdom.
- (7) Subject to subsection (8) below, this section applies if the instrument is executed in pursuance of a contract made on or after the abolition day.
- (8) In the case of an instrument—
 - (a) which falls within section 67(1) or (9) of the ^{M22}Finance Act 1986 (depository receipts) or section 70(1) or (9) of that Act (clearance services), or
 - (b) which does not fall within section 67(1) or (9) or section 70(1) or (9) of that Act and is not executed in pursuance of a contract,
 this section applies if the instrument is executed on or after the abolition day.

Annotations:

Marginal Citations

M21 1946 c. 64.

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

M22 1986 c. 41.

109 Stamp duty: other repeals.

- (1) Section 83 of the ^{M23}Stamp Act 1891 (fine for certain acts relating to securities) shall not apply where an instrument of assignment or transfer is executed, or a transfer or negotiation of the stock constituted by or transferable by means of a bearer instrument takes place, on or after the abolition day.
- (2) The following provisions (which relate to the cancellation of certain instruments) shall not apply where the stock certificate or other instrument is entered on or after the abolition day—
 - (a) section 109(1) of the Stamp Act 1891,
 - (b) section 5(2) of the ^{M24}Finance Act 1899,
 - ^{F81}(c)
 - (d)
- (3) Section 67 of the ^{M25}Finance Act 1963 (prohibition of circulation of blank transfers) shall not apply where the sale is made on or after the abolition day; and section 16 of the ^{M26}Finance Act (Northern Ireland) 1963 (equivalent provision for Northern Ireland) shall not apply where the sale is made on or after the abolition day.
- (4) No person shall be required to notify the Commissioners under section 68(1) or (2) or 71(1) or (2) of the Finance Act 1986 (depository receipts and clearance services) if he first issues the receipts, provides the services or holds the securities as there mentioned on or after the abolition day.
- (5) No company shall be required to notify the Commissioners under section 68(3) or 71(3) of that Act if it first becomes aware as there mentioned on or after the abolition day.
- (6) The following provisions shall cease to have effect—
 - (a)
 - (b)
 - (c) section 33 of the ^{M27}Finance Act 1970 (composition by financial institutions in respect of stamp duty),
 - (d) section 127(7) of the ^{M28}Finance Act 1976 (extension of composition provisions to Northern Ireland), and
 - (e) section 85 of the ^{M29}Finance Act 1986 (provisions about stock, marketable securities, etc.).
- (7) The provisions mentioned in subsection (6) above shall cease to have effect as provided by the Treasury by order.
- (8) An order under subsection (7) above—
 - (a) shall be made by statutory instrument;
 - (b) may make different provision for different provisions or different purposes;
 - (c) may include such supplementary, incidental, consequential or transitional provisions as appear to the Treasury to be necessary or expedient.
- (9)

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Annotations:

Amendments (Textual)

F81 [S. 109\(2\)\(c\)\(d\)\(6\)\(a\)\(b\)\(9\)](#) repealed (27.7.1999 with effect in relation to instruments executed on or after 6.2.2000) by [1999 c. 16, s. 139, Sch. 20 Pt. V\(5\)](#), Note 1

Marginal Citations

M23 [1891 c. 39.](#)
M24 [1899 c. 9.](#)
M25 [1963 c. 25.](#)
M26 [1963 c. 22 \(N.I.\).](#)
M27 [1970 c. 24.](#)
M28 [1976 c. 40.](#)
M29 [1986 c. 41.](#)

110 Stamp duty reserve tax: abolition.

- (1) Stamp duty reserve tax shall cease to be chargeable.
- (2) In relation to the charge to tax under section 87 of the Finance Act 1986 subsection (1) above applies where—
 - (a) the agreement to transfer is conditional and the condition is satisfied on or after the abolition day, or
 - (b) the agreement is not conditional and is made on or after the abolition day.
- (3) In relation to the charge to tax under section 93(1) of that Act subsection (1) above applies where securities are transferred, issued or appropriated on or after the abolition day (whenever the arrangement was made).
- (4) In relation to the charge to tax under section 96(1) of that Act subsection (1) above applies where securities are transferred or issued on or after the abolition day (whenever the arrangement was made).
- (5) In relation to the charge to tax under section 93(10) of that Act subsection (1) above applies where securities are issued or transferred on sale, under terms there mentioned, on or after the abolition day.
- (6) In relation to the charge to tax under section 96(8) of that Act subsection (1) above applies where securities are issued or transferred on sale, under terms there mentioned, on or after the abolition day.
- (7) Where before the abolition day securities are issued or transferred on sale under terms mentioned in section 93(10) of that Act, in construing section 93(10) the effect of subsections (1) and (3) above shall be ignored.
- (8) Where before the abolition day securities are issued or transferred on sale under terms mentioned in section 96(8) of that Act, in construing section 96(8) the effect of subsections (1) and (4) above shall be ignored.

111 General.

- (1) In sections 107 to 110 above “the abolition day” means such day as may be appointed by the Treasury by order made by statutory instrument.

Status: This version of this Act contains provisions that are prospective.

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(2) Sections 107 to 109 above shall be construed as one with the ^{M30}Stamp Act 1891.

Annotations:

Marginal Citations

M30 1891 c. 39.

Paired shares

112 Stamp duty.

- (1) In section 143 of the ^{M31}Finance Act 1988 (paired shares) in subsection (1)(b) for the words “an equal number of” there shall be substituted the word “other”.
- (2) Subsection (1) above applies where—
 - (a) the offers referred to in section 143(1) are made, or are to be made, on or after the day on which this Act is passed, and
 - (b) before the offers are made, or are to be made, units comprising shares in the two companies concerned were offered (whether before or on or after the day on which this Act is passed) in circumstances where section 143 applied without the amendment made by subsection (1) above.

Annotations:

Marginal Citations

M31 1988 c. 39.

113 Stamp duty reserve tax.

- (1) Section 99 of the ^{M32}Finance Act 1986 (stamp duty reserve tax: interpretation) shall be amended as follows.
- (2) In subsection (6A) (paired shares) in paragraph (b) for the words “an equal number of” there shall be substituted the word “other”.
- (3) The following subsection shall be inserted after subsection (6A)—

“(6B) For the purposes of subsection (4) above, shares issued by a body corporate which is not incorporated in the United Kingdom (“the foreign company”) are paired with shares issued by a body corporate which is so incorporated (“the UK company”) where—

 - (a) the articles of association of the UK company and the equivalent instruments governing the foreign company each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other, and
 - (b) the shares issued by the foreign company, and the shares issued by the UK company, are issued to give effect to an allotment of the shares (as part of such units) as fully or partly paid bonus shares.”

^{F82}(4)

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- (5) Subsection (2) above applies where—
- (a) the offers referred to in section 99(6A) are made on or after the day on which this Act is passed, and
 - (b) before the offers are made, units comprising shares in the two companies concerned were offered (whether before or on or after the day on which this Act is passed) in circumstances where section 99(6A) applied without the amendment made by subsection (2) above.
- (6) Subsections (3) and (4) above apply where—
- (a) the shares referred to in section 99(6B) are issued on or after the day on which this Act is passed, and
 - (b) before they are issued, units comprising shares in the two companies concerned were offered (whether before or on or after the day on which this Act is passed) in circumstances where section 99(6A) applied without the amendment made by subsection (2) above.

Annotations:

Amendments (Textual)

F82 S. 113(4) repealed (22.7.1999 with effect in relation to instruments executed on or after 6.2.2000) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(5)** Note 1

Marginal Citations

M32 1986 c. 41.

International organisations

114 International organisations.

- (1) In section 126 of the ^{M33}Finance Act 1984 (tax exemptions in relation to designated international organisations) in subsection (3) the following paragraph shall be inserted after paragraph (c)—
- “(d) no stamp duty reserve tax shall be chargeable under section 93 (depository receipts) or 96 (clearance services) of the Finance Act 1986 in respect of the issue of securities by the organisation.”
- (2) Where an organisation or body is designated under section 126(1) or (4) before the day on which this Act is passed, subsection (1) above applies in relation to the issue of securities by the organisation or body on or after that day.
- (3) Where an organisation or body is designated under section 126(1) or (4) on or after the day on which this Act is passed, subsection (1) above applies in relation to the issue of securities by the organisation or body after the designation.

Annotations:

Marginal Citations

M33 1984 c. 43.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART IV

MISCELLANEOUS AND GENERAL

Ports levy

^{F83}115

Annotations:

Amendments (Textual)

F83 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

^{F84}116

Annotations:

Amendments (Textual)

F84 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

^{F85}117

Annotations:

Amendments (Textual)

F85 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

^{F86}118

Annotations:

Amendments (Textual)

F86 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

^{F87}119

Annotations:

Amendments (Textual)

F87 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

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F88 120

Annotations:

Amendments (Textual)

F88 Ss. 115-120 repealed (1.5.1995) by 1995 c. 4, ss. 159(2), 162, **Sch. 29 Pt. XII**

Petroleum revenue tax

121 Limit on PRT repayment interest where loss carried back.

- (1) Schedule 2 to the ^{M34}Oil Taxation Act 1975 (management and collection of PRT) shall be amended as follows.
- (2) At the beginning of paragraph 16 (interest on repayments)
there shall be inserted the words “ Subject to paragraph 17 below”.
- (3) After that paragraph there shall be inserted the following paragraph—

“**17**

- (1) This paragraph applies where—
 - (a) an assessment made on a participator for a chargeable period or an amendment of such an assessment (in this paragraph referred to as “the relevant assessment or amendment”) gives effect to relief under subsection (2) or subsection (3) of section 7 of this Act for one or more allowable losses accruing in a later chargeable period (in this paragraph referred to, in relation to the relevant assessment or amendment, as “the relief for losses carried back”); and
 - (b) the later chargeable period referred to in paragraph (a) above ends after 30th June 1991; and
 - (c) an amount of tax becomes repayable to the participator by virtue of the relevant assessment or amendment (whether wholly or partly by reason of giving effect to the relief for losses carried back).
- (2) In the following provisions of this paragraph, so much of the repayment of tax referred to in sub-paragraph (1)(c) above as is attributable to giving effect to the relief for losses carried back is referred to as “the appropriate repayment”.
- (3) For the purpose of determining the amount of the appropriate repayment in a case where the relevant assessment or amendment not only gives effect to the relief for losses carried back but also takes account of any other matter (whether a relief or not) which goes to reduce the assessable profit of the period in question or otherwise to reduce the tax payable for that period, the amount of the repayment which is attributable to the relief for losses carried back is the difference between—
 - (a) the total amount of tax repayable by virtue of the relevant assessment or amendment; and
 - (b) the amount of tax (if any) which would have been so repayable if no account had been taken of the relief for losses carried back.

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (4) Where this paragraph applies, the amount of interest which, by virtue of paragraph 16 above, is carried by the appropriate repayment shall not exceed the difference between—
- (a) 85 per cent. of the allowable loss or losses referred to in sub-paragraph (1)(a) above; and
 - (b) the amount of the appropriate repayment.”

Annotations:

Marginal Citations

M34 1975 c. 22.

122 Variation, on account of fraudulent or negligent conduct, of decision on expenditure claim etc.

- (1) In the ^{M35}Oil Taxation Act 1975, in Schedule 5 (allowance of certain expenditure on a claim by the responsible person) paragraph 9 (variation of decision on a claim where the amount of expenditure allowed etc. was incorrectly stated in the notice of the decision) shall be amended in accordance with subsections (2) to (4) below.
- (2) After sub-paragraph (1) there shall be inserted the following sub-paragraphs—
- “(1A) In any case falling within sub-paragraph (1B)
- below, sub-paragraph (1) above shall have effect—
- (a) with the substitution for the words “within the period of three years commencing with” of the words “at any time after”; and
 - (b) with the omission of the words “before the expiry of that period”.
- (1B) The cases referred to in sub-paragraph (1A)
- above are those where—
- (a) the incorrect statement of the relevant amount in the notice of the decision mentioned in sub-paragraph (1) above was an over-statement of that amount; and
 - (b) that over-statement was, in whole or in part, referable to an error in a statement or declaration made in connection with the claim; and
 - (c) at least one of the conditions in sub-paragraph (1C) below is fulfilled with respect to that error.
- (1C) The conditions referred to in sub-paragraph (1B)(c)
- above are—
- (a) that the error was attributable, in whole or in part, to the fraudulent or negligent conduct of the responsible person or a person acting on his behalf;
 - (b) that paragraph (a) above does not apply but, on the error coming to the notice of the person by whom the statement or declaration was made or a person acting on his behalf, the error was not remedied without unreasonable delay; and

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- (c) that paragraph (a) above does not apply but, on the error coming to the notice of any person who subsequently becomes the responsible person, the error was not remedied without unreasonable delay.”
- (3) After sub-paragraph (2) there shall be inserted the following sub-paragraph—
 - “(2A) In any case where—
 - (a) the relevant amount which was incorrectly stated is a part of any expenditure falling within paragraph (c) of sub-paragraph (2) above (in this sub-paragraph referred to as a “paragraph (c) amount”), and
 - (b) under sub-paragraph (1B)(a) above the question arises whether the incorrect statement was an over-statement,
 that question shall be determined by comparing the total amount which, in accordance with the notice of decision containing the incorrect statement, was brought into account under section 2(9)(b)(ii) of this Act with the total amount which would have been so brought into account if the paragraph (c) amounts stated in that notice had been correct”.
- (4) For sub-paragraph (11) there shall be substituted the following sub-paragraph—
 - “(11) In a case falling within sub-paragraph (1B) above, this paragraph has effect in relation to notices of decisions of the Board under paragraph 3 above whenever given; and, in any other case, this paragraph has effect in relation to such notices given after 15th March 1983.”
- (5) In the Table set out in paragraph 2 of Schedule 6 to the ^{M36}Oil Taxation Act 1975 (which modifies Schedule 5 in its application to a claim under Schedule 6) in the second column relating to paragraph 9 of Schedule 5 there shall be inserted— “Omit sub-paragraph (1C)(c).”
- (6) In the Table set out in paragraph 1(3) of Schedule 7 to the ^{M37}Oil Taxation Act 1975 (which modifies Schedule 5 in its application to Schedules 7 and 8), in the entry in the second column relating to paragraph 9 of Schedule 5,—
 - (a) at the beginning insert “In sub-paragraph (1C) omit paragraph (c)”; and
 - (b) after “(b) and (c)” insert “omit sub-paragraph (2A)”.

Annotations:

Marginal Citations

M35 1975 c. 22.

M36 1975 c. 22.

M37 1975 c. 22.

Miscellaneous

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

- F89** [S. 123](#) repealed (31.7.1998 - this repeal does not have effect in relation to gas levy for the year 1997/1998 or any previous year) by [1998 c. 36, s. 165, Sch. 27 Pt. V\(3\)](#) Note 1

124 Inheritance tax: restriction on power to require information.

- (1) In section 219 of the ^{M38}Inheritance Tax Act 1984 (power to require information), after subsection (1) there shall be inserted—

“(1A) A notice under this section is not to be given except with the consent of a Special Commissioner and the Commissioner is to give his consent only on being satisfied that in all the circumstances the Board are justified in proceeding under this section.”

- (2) This section shall apply with respect to notices given on or after the day on which this Act is passed.

Annotations:

Marginal Citations

- M38** [1984 c. 51](#).

125 Information for tax authorities in other member States.

- (1) Subsections (1) to (8) and (8C) to (9) of section 20 of the ^{M39}Taxes Management Act 1970 (powers to call for information relevant to liability to income tax, corporation tax or capital gains tax) shall have effect as if the references in those provisions to tax liability included a reference to liability to a tax of a member State other than the United Kingdom which is a tax on income or on capital for the purposes of the ^{M40}Directive of the Council of the European Communities dated 19th December 1977 No. [77/799/EEC](#).
- (2) In their application by virtue of subsection (1) above those provisions shall have effect as if—
- (a) the reference in section 20(7A) to any provision of the Taxes Acts were a reference to any provision of the law of the member State in accordance with which the tax in question is charged,
 - (b) the references in subsection (2) of section 20B to an appeal relating to tax were references to an appeal, review or similar proceedings under the law of the member State relating to the tax in question, and
 - (c) the reference in subsection (6) of that section to believing that tax has or may have been lost to the Crown were a reference to believing that the tax in question has or may have been lost to the member State.
- (3) Section 219 of the Inheritance Tax Act 1984 (power to require information for purposes of that Act) shall have effect as if the reference to that Act in subsection (1) of that section included a reference to any provision of the law of a member State other than the United Kingdom in accordance with which there is charged any tax—
- (a) which is of a character similar to that of inheritance tax or is chargeable on or by reference to death or gifts inter vivos, and

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- (b) in relation to which the Directive mentioned in subsection (1) above has effect by virtue of any other Directive of the Council (whether adopted before or after the passing of this Act) extending that Directive.
- (4) In its application by virtue of subsection (3) above section 219 shall have effect as if the reference to income tax in subsection (2) of that section included a reference to any tax of a member State other than the United Kingdom such as is mentioned in subsection (1) above.
- (5) In section 77 of the ^{M41}Finance Act 1978 (disclosure of information to tax authorities of member States: obligation of secrecy) references to the Directive mentioned in subsection (1) above shall include a reference to that Directive as extended by any other Directive of the Council (whether adopted before or after the passing of this Act) to any taxes of a character similar to that of inheritance tax or chargeable on or by reference to death or gifts inter vivos.
- (6) Subsections (1) and (2) above shall apply with respect to notices given on or after the day on which this Act is passed, subsections (3) and (4) above shall apply with respect to notices given on or after such day as the Treasury may by order made by statutory instrument appoint and subsection (5) above shall come into force on that day.

Annotations:

Marginal Citations

M39 1970 c. 9.

M40 O.J. No. L366/15.

M41 1978 c. 42.

126 Pools payments for football ground improvements.

- (1) This section applies to any payment (including a payment made before the passing of this Act) which, in consequence of the reduction in pool betting duty effected by section 4 above, is made by a person liable to pay that duty in order to meet, directly or indirectly, capital expenditure incurred (whether by the person to whom it is made or any other person) in improving the safety or comfort of spectators at a ground to be used for the playing of association football.
- (2) Where a person carrying on a trade makes a payment to which this section applies, the payment may be deducted in computing for tax purposes the [^{F90}profits] of the trade.
- (3) A payment to which this section applies shall not be regarded as an annual payment.
- (4) [^{F91}Section 532 of the Capital Allowances Act 2001] shall not apply to expenditure of the kind mentioned in subsection (1) above in so far as it has been or is to be met, directly or indirectly, out of a payment to which this section applies.
- (5) Where a payment to which this section applies is made to trustees, the sum received by them and any assets representing it (but not any income or gains arising from them) shall not be relevant property for the purposes of Chapter III of Part III of the ^{M42}Inheritance Tax Act 1984.

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

F90 Words in s. 126(2) substituted (31.7.1998) by 1998 c. 36, s. 46(3)(b), **Sch. 7 para. 5**

F91 Words in s. 126(4) substituted (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 578, **Sch. 2 para. 72**

Marginal Citations

M42 1984 c. 51.

127 Definition of “local authority” for certain tax purposes.

(1) In the Taxes Act 1988 the following section shall be inserted after section 842—

“842A Local authorities.

(1) Except so far as the context otherwise requires, in the Tax Acts “local authority” means—

- (a) in relation to England and Wales, an authority of a description specified for the purposes of this paragraph,
- (b) in relation to Scotland, an authority of a description specified for the purposes of this paragraph, and
- (c) in relation to Northern Ireland, an authority of a description specified for the purposes of this paragraph.

(2) The following are the descriptions of authority specified for the purposes of paragraph (a) of subsection (1) above—

- (a) a charging authority for the purposes of the Local Government Finance Act 1988;
- (b) a precepting authority for the purposes of that Act;
- (c) a body having power by virtue of regulations under section 74 of that Act to issue a levy;
- (d) a body having power by virtue of regulations under section 75 of that Act to issue a special levy;
- (e) a combined police authority established by an amalgamation scheme under the Police Act 1964;
- (f) a fire authority constituted by a combination scheme under the Fire Services Act 1947;
- (g) an authority having power to make or determine a rate.

(3) The following are the descriptions of authority specified for the purposes of paragraph (b) of subsection (1) above—

- (a) a regional council;
- (b) an islands council;
- (c) a district council;
- (d) a joint board or committee within the meaning of the Local Government (Scotland) Act 1973;
- (e) an authority having power to requisition any sum from an authority falling within any of paragraphs (a) to (c) above.

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- (4) The following are the descriptions of authority specified for the purposes of paragraph (c) of subsection (1) above—
- (a) an authority having power to make or determine a rate;
 - (b) an authority having power to issue a precept, requisition or other demand for the payment of money to be raised out of a rate.
- (5) In this section “rate” means a rate the proceeds of which are applicable for public local purposes and which is leviable by reference to the value of land or other property.”

^{F92}(2)

(3) Schedule 18 to this Act (consequential amendments) shall have effect.

(4) This section shall be deemed to have come into force on 1st April 1990.

Annotations:

Amendments (Textual)

F92 S. 127(2) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 12](#) (with ss.60, 101(1), 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

128 Repayment of fees and charges.

- (1) This section applies where at the beginning of the day on which this Act is passed—
- (a) an enactment confers power to make provision for payment of a fee or charge (however described), and
 - (b) sums paid in pursuance of provision made in exercise of the power are payable into the Consolidated Fund.
- (2) Subject to subsection (3) below, the enactment shall be treated as also conferring power to make provision about repayment of sums paid, or purported to be paid, in pursuance of provision made in exercise of the power.
- (3) Subsection (2) above shall not apply if the fee or charge is one—
- (a) repayment of which is prohibited or regulated by an enactment, or
 - (b) power to make provision about repayment of which is expressly conferred, or expressly negatived, to any extent.
- (4) Without prejudice to the generality of the power conferred by virtue of subsection (2) above, the provision which may be made by virtue of that subsection includes provision—
- (a) that repayment shall be made only if a specified person is satisfied that specified conditions are met or in other specified circumstances;
 - (b) that repayment shall be made in part only;
 - (c) that, in the case of partial repayment, the amount repaid shall be a specified sum or determined in a specified manner; and
 - (d) for repayment of different amounts in different circumstances.
- (5) In subsection (4) above “specified” means specified in the instrument exercising the power.

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- (6) In determining for the purposes of this section whether sums are payable into the Consolidated Fund, section 3 of the ^{M43}Government Trading Funds Act 1973 (payments into a trading fund) shall be disregarded.
- (7) In this section “enactment” includes Northern Ireland legislation as defined in section 24(5) of the ^{M44}Interpretation Act 1978.
- (8) An Order in Council under paragraph 1(1)(b) of Schedule 1 to the ^{M45}Northern Ireland Act 1974 (legislation for Northern Ireland in the interim period) which states that it is made only for purposes corresponding to those of this section—
- (a) shall not be subject to sub-paragraphs (4) and (5) of paragraph 1 of that Schedule (affirmative resolution of both Houses of Parliament); but
 - (b) shall be subject to annulment in pursuance of a resolution of either House.

Annotations:

Modifications etc. (not altering text)

- C7** [S. 128](#) extended (16.7.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 13\(3\)](#)
[S. 128](#) extended (3.5.1994) by [1994 c. 9, s. 5, Sch. 2 para. 28](#)
[S. 128](#) amended (1.9.1994) by [1994 c. 22, ss. 58\(2\), 66\(1\)](#) (with [s. 57\(4\)](#))

Marginal Citations

- M43** [1973 c. 63.](#)
M44 [1978 c. 30.](#)
M45 [1974 c. 28.](#)

129 Settlement of stock disputes by deputy registrars.

In section 5 of the ^{M46}National Debt Act 1972 (settlement by Chief Registrar of friendly societies of disputes as to holdings on National Savings Stock Register)—

- (a) in subsection (1), after the words “Chief Registrar of friendly societies” there shall be inserted the words “
or a deputy appointed by him”,
- (b) in subsection (2), after the words “Chief Registrar” there shall be inserted the words “
or deputy”,
- (c) in subsection (3)(a), after the words “Chief Registrar of friendly societies” there shall be inserted the words “
or a deputy appointed by him”, and
- (d) subsection (3)(b) shall cease to have effect.

Annotations:

Marginal Citations

- M46** [1972 c. 65.](#)

130 Limit for local loans.

In section 4(1) of the ^{M47}National Loans Act 1968 (which provides that the aggregate of any commitments of the Public Works Loan Commissioners in respect of undertakings to grant local loans and any amount outstanding in respect of the principal of such loans shall not exceed £42,000 million or such other sum not exceeding £50,000 million as the Treasury may specify by order) for the words “£42,000 million” and “£50,000 million”

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there shall be substituted respectively “ £55,000 million” and “ £70,000 million”.

Annotations:

Marginal Citations

M47 1968 c. 13.

General

131 Interpretation etc.

- (1) In this Act “the Taxes Act 1970” means the ^{M48}Income and Corporation Taxes Act 1970 and “the Taxes Act 1988” means the ^{M49}Income and Corporation Taxes Act 1988.
- (2) Chapter II of Part I of this Act shall be construed as one with the ^{M50}Value Added Tax Act 1983.
- (3) Part II of this Act, so far as it relates to capital gains tax, shall be construed as one with the ^{M51}Capital Gains Tax Act 1979.

Annotations:

Marginal Citations

M48 1970 c. 10.

M49 1988 c. 1.

M50 1983 c. 55.

M51 1979 c. 14.

132 Repeals.

The enactments specified in Schedule 19 to this Act (which include spent or unnecessary enactments) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

133 Short title.

This Act may be cited as the Finance Act 1990.

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SCHEDULES

SCHEDULE 1

Section 1.

TABLE OF RATES OF DUTY ON WINE AND MADE-WINE

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i> £
Wine or made-wine of a strength not exceeding 2 per cent.	11.03
Wine or made-wine of a strength exceeding 2 per cent. but not exceeding 3 per cent.	18.38
Wine or made-wine of a strength exceeding 3 per cent. but not exceeding 4 per cent.	25.73
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5 per cent.	33.09
Wine or made-wine of a strength exceeding 5 per cent. but not exceeding 5.5 per cent.	40.44
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	110.28
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent.	182.10
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 18 per cent.	190.20
Wine or made-wine of a strength exceeding 18 per cent. but not exceeding 22 per cent.	219.40
Wine or made-wine of a strength exceeding 22 per cent.	219.40 plus £17.35 for every 1 per cent. or part of 1 per cent. in excess of 22 per cent.

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SCHEDULE 2

Section 5.

VEHICLES EXCISE DUTY: RATES

F93 **PART I**

Annotations:

Amendments (Textual)

F93 Sch. 2 Pt. I repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4), Sch. 4 para. 6)

PART II

AMENDMENTS OF PART I OF SCHEDULE 4 TO THE 1971 ACT

F94 **1**

Annotations:

Amendments (Textual)

F94 Sch. 2 Pt. II para. 1 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4), Sch. 4 para. 6)

F95 **2**

Annotations:

Amendments (Textual)

F95 Sch. 2 Pt. II para. 2 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4), Sch. 4 para. 6)

F96 **3**

Annotations:

Amendments (Textual)

F96 Sch. 2 Pt. II para. 3 repealed (8.11.1993) by S.I. 1993/2452, art. 3, **Sch. 2**.

F97 **4**

Annotations:

Amendments (Textual)

F97 Sch. 2 Pt. II para. 4 repealed (8.11.1993) by S.I. 1993/2452, art. 3, **Sch. 2**.

F98 **5**

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Annotations:

Amendments (Textual)

F98 Sch. 2 Pt. II para. 5 repealed (8.11.1993) by S.I. 1993/2452, art. 3, Sch. 2.

- 6** ^{F99}(1)
(2)
(3)
^{F100}(4)

Annotations:

Amendments (Textual)

F99 Sch. 2 Pt. II para. 6(1)-(3) repealed (3.5.1994) by 1994 c. 9, s. 258, Sch. 26 Pt. I
F100 Sch. 2 Pt. II para. 6(4) repealed (8.11.1993) by S.I. 1993/2452, art. 3, Sch. 2.

^{F101}**7**

Annotations:

Amendments (Textual)

F101 Sch. 2 Pt. II para. 7 repealed (8.11.1993) by S.I. 1993/2452, art. 3, Sch. 2.

^{F102}**8**

Annotations:

Amendments (Textual)

F102 Sch. 2 Pt. II para. 8 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), Sch. 5 Pt. I (with s. 57(4), Sch. 4 para. 6)

^{F103}**9**

Annotations:

Amendments (Textual)

F103 Sch. 2 Pt. II para. 9 repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), Sch. 5 Pt. I (with s. 57(4), Sch. 4 para. 6)

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F104PART III

Annotations:

Amendments (Textual)

F104 Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

F10510

Annotations:

Amendments (Textual)

F105 Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

F10611

Annotations:

Amendments (Textual)

F106 Sch. 2 Pt. III (paras. 10-11) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

F107PART IV

TABLES SUBSTITUTED IN PART II OF SCHEDULE 4 TO THE 1971 ACT AND THE 1972 ACT

Annotations:

Amendments (Textual)

F107 Sch. 2 Pt. IV repealed (8.11.1993) by S.I. 1993/2452, art. 3, Sch. 2.

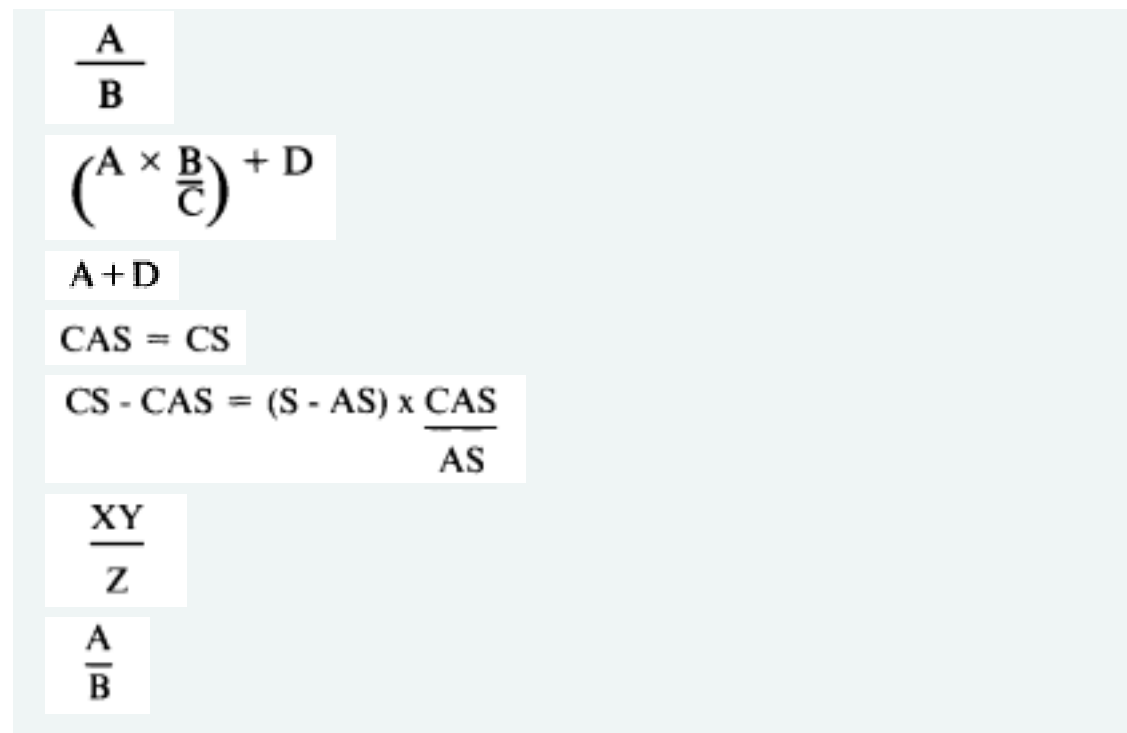
PROSPECTIVE

$$\frac{A}{B}$$

$$(A - B) \times \frac{C}{C + D}$$

$$E \times \frac{F}{F + G}$$

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SCHEDULE 3

Section 7.

ENTRY OF GOODS ON IMPORTATION

- 1 The ^{M52}Customs and Excise Management Act 1979 shall be amended as follows.

Annotations:

Marginal Citations

M52 1979 c. 2.

- 2 (1) Section 37A (initial and supplementary entries) shall be amended as follows.
- (2) In subsection (1)(b), the word “may” shall be omitted.
- (3) The following subsection shall be inserted after subsection (1)—
- “(1A) Without prejudice to section 37 above, a direction under that section may—
- (a) provide that where the importer is not authorised for the purposes of this section but a person who is so authorised is appointed as his agent for the purpose of entering the goods, the entry may consist of an initial entry made by the person so appointed and a supplementary entry so made; and
 - (b) make such supplementary provision in connection with entries consisting of initial and supplementary entries made as mentioned in paragraph (a) above as the Commissioners think fit.”

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- (4) In subsection (2), for the words from the beginning to “unpaid duty,” there shall be substituted the words—
- “(2) Where—
- (a) an initial entry made under subsection (1) above has been accepted and the importer has given security by deposit of money or otherwise to the satisfaction of the Commissioners for payment of the unpaid duty, or
- (b) an initial entry made under subsection (1A) above has been accepted and the person making the entry on the importer’s behalf has given such security as is mentioned in paragraph (a) above,
- the goods may”.
- (5) In subsection (3) after the words “initial entry” there shall be inserted the words “under subsection (1) above”.
- (6) The following subsection shall be inserted after subsection (3)—
- “(3A) A person who makes an initial entry under subsection (1A) above on behalf of an importer shall complete the entry by delivering the supplementary entry within such time as the Commissioners may direct.”
- 3** (1) Section 37B (postponed entry) shall be amended as follows.
- (2) The following subsection shall be inserted after subsection (1)—
- “(1A) The Commissioners may, if they think fit, direct that where—
- (a) such goods as may be specified in the direction are imported by an importer who is not authorised for the purposes of this subsection;
- (b) a person who is authorised for the purposes of this subsection is appointed as his agent for the purpose of entering the goods;
- (c) the person so appointed has delivered a document relating to the goods to the proper officer, in such form and manner, containing such particulars and accompanied by such documents as the Commissioners may direct; and
- (d) the document has been accepted by the proper officer,
- the goods may be delivered before an entry of them has been delivered or any duty chargeable in respect of them has been paid.”
- (3) The following subsections shall be inserted after subsection (3)—
- “(3A) The Commissioners may, if they think fit, direct that where—
- (a) such goods as may be specified in the direction are imported by an importer who is not authorised for the purposes of this subsection;
- (b) a person who is authorised for the purposes of this subsection is appointed as his agent for the purpose of entering the goods;
- (c) the goods have been removed from the place of importation to a place approved by the Commissioners for the clearance out of charge of such goods; and
- (d) the conditions mentioned in subsection (3B) below have been satisfied,

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the goods may be delivered before an entry of them has been delivered or any duty chargeable in respect of them has been paid.

(3B) The conditions are that—

- (a) on the arrival of the goods at the approved place the person appointed as the agent of the importer for the purpose of entering the goods delivers to the proper officer a notice of the arrival of the goods in such form and containing such particulars as may be required by the directions;
- (b) within such time as may be so required the person appointed as the agent of the importer for the purpose of entering the goods enters such particulars of the goods and such other information as may be so required in a record maintained by him at such place as the proper officer may require; and
- (c) the goods are kept secure in the approved place for such period as may be required by the directions.”

(4) In subsection (4), after “(3)(a)” there shall be inserted “ or (3B)(a)”.

(5) In subsection (5), for the words “this section” there shall be substituted the words “ subsection (1) or (2) above”.

(6) The following subsection shall be inserted after subsection (5)—

“(5A) No goods shall be delivered under subsection (1A)

or (3A) above unless the person appointed as the agent of the importer for the purpose of entering the goods gives security by deposit of money or otherwise to the satisfaction of the Commissioners for the payment of any duty chargeable in respect of the goods which is unpaid.”

(7) In subsection (6), for the words “this section” there shall be substituted the words “ subsection (1) or (2) above”.

(8) The following subsection shall be inserted after subsection (6)—

“(6A) Where goods of which no entry has been made have been delivered under subsection (1A) or (3A) above, the person appointed as the agent of the importer for the purpose of entering the goods shall deliver an entry of the goods under section 37(1) above within such time as the Commissioners may direct.”

(9) In subsection (7)—

- (a) in paragraph (a), after “(1)” there shall be inserted “ or (1A)”;
- and
- (b) after paragraph (b) there shall be inserted the words “and
- (c) in the case of goods delivered by virtue of a direction under subsection (3A) above, on the date on which particulars of the goods were entered as mentioned in subsection (3B)(b) above.”

4 (1) Section 37C (provisions supplementary to sections 37A and 37B) shall be amended as follows.

(2) In subsection (1)(a)—

- (a) for the word “importer” there shall be substituted the word “ person”;

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- (b) for the words “or (2)” there shall be substituted the words “, (1A), (2) or (3A)”.
- (3) In subsection (1)(b), for the word “importer” there shall be substituted the word “person”.
- (4) In subsection (2)(a), for the word “importer” there shall be substituted the word “person”.

F108 SCHEDULE 4

Annotations:

Amendments (Textual)

F108 Sch 4 repealed (11.5.2001 with effect for the year 2002-03 and for subsequent years of assessment) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(1)**

SCHEDULE 5

Section 30.

BUILDING SOCIETIES AND DEPOSIT-TAKERS

Introduction

- 1** The Taxes Act 1988 shall be amended as mentioned in paragraphs 2 to 14 below.

Building societies

- 2** (1) Section 476 (building societies: regulations for payment of tax) shall cease to have effect.
 (2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.
- 3** (1) Section 477 (investments becoming or ceasing to be relevant building society investments) shall cease to have effect.
 (2) This paragraph shall apply as regards any time falling on or after 6th April 1991.
- 4** (1) The following section shall be inserted immediately before section 478—

“477A Building societies: regulations for deduction of tax.

- (1) The Board may by regulations make provision with respect to any year of assessment requiring any building society—
 - (a) in such cases as may be prescribed by the regulations to deduct out of any dividend or interest paid or credited in the year in respect of shares in, or deposits with or loans to, the society a sum representing the amount of income tax on it, and

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- (b) to account for and pay any amount required to be deducted by the society by virtue of this subsection.
- (2) Regulations under subsection (1) above may—
 - (a) make provision with respect to the furnishing of information by building societies or their investors, including, in the case of societies, the inspection of books, documents and other records on behalf of the Board;
 - (b) contain such incidental and consequential provisions as appear to the Board to be appropriate, including provisions requiring the making of returns.
- (3) For any year of assessment to which regulations under subsection (1) above apply, dividends or interest payable in respect of shares in, or deposits with or loans to, a building society shall be dealt with for the purposes of corporation tax as follows—
 - (a) in computing for any accounting period ending in the year of assessment the income of the society from the trade carried on by it, there shall be allowed as a deduction the actual amount paid or credited in the accounting period of any such dividends or interest, together with any amount of income tax accounted for and paid by the society in respect thereof;
 - (b) no part of any such dividends or interest paid or credited in the year of assessment shall be treated as a distribution of the society or as franked investment income of any company resident in the United Kingdom.
- (4) Subsection (3)(a) above shall apply to any terminal bonus paid by the society under a certified contractual savings scheme as if it were a dividend on a share in the society.
- (5) Notwithstanding anything in sections 64, 66 and 67, for any year of assessment to which regulations under subsection (1) above apply income tax chargeable under Case III of Schedule D shall, in the case of any relevant sum, be computed on the full amount of the income arising in the year of assessment.
- (6) For the purposes of subsection (5) above a sum is relevant if it is a sum in respect of which a liability to deduct income tax—
 - (a) is imposed by regulations under subsection (1) above, or
 - (b) would be so imposed if a certificate were not supplied, in accordance with the regulations, to the effect that the person beneficially entitled to the sum is unlikely to be liable to pay any amount by way of income tax for the year of assessment in which the sum is paid.
- (7) Notwithstanding anything in sections 348 to 350, for any year of assessment to which regulations under subsection (1) above apply income tax shall not be deducted upon payment to the society of any interest on advances, being interest payable in that year.
- (8) Subsection (7) above shall not apply to any payment of relevant loan interest to which section 369 applies.

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(9) In this section “dividend” has the meaning given by regulations under subsection (1) above, but any sum which is paid by a building society by way of dividend and which is not paid under deduction of income tax shall be treated for the purposes of Schedule D as paid by way of interest.”

(2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.

Deposit-takers

- 5 (1) Section 479 (interest paid on deposits with banks etc.) shall cease to have effect.
- (2) This paragraph shall apply as regards interest paid or credited on or after 6th April 1991.
- 6 (1) Section 480 (deposits becoming or ceasing to be composite rate deposits) shall cease to have effect.
- (2) This paragraph shall apply as regards any time falling on or after 6th April 1991.
- 7 (1) The following sections shall be inserted immediately before section 481—

“480A Relevant deposits: deduction of tax from interest payments.

- (1) Any deposit-taker making a payment of interest in respect of a relevant deposit shall, on making the payment, deduct out of it a sum representing the amount of income tax on it for the year of assessment in which the payment is made.
- (2) Any payment of interest out of which an amount is deductible under subsection (1) above shall be a relevant payment for the purposes of Schedule 16 whether or not the deposit-taker making the payment is resident in the United Kingdom.
- (3) Schedule 16 shall apply in relation to any payment which is a relevant payment by virtue of subsection (2) above—
 - (a) with the substitution for any reference to a company of a reference to a deposit-taker,
 - (b) as if paragraph 5 applied only in relation to payments received by the deposit-taker and falling to be taken into account in computing his income chargeable to corporation tax, and
 - (c) as if in paragraph 7 the reference to section 7(2) included a reference to sections 11(3) and 349(1).
- (4) In relation to any deposit-taker who is not a company, Schedule 16 shall have effect as if—
 - (a) paragraph 5 were omitted, and
 - (b) references to accounting periods were references to periods for which the deposit-taker makes up his accounts.
- (5) For the purposes of this section, crediting interest shall be treated as paying it.

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480B Relevant deposits: exception from section 480A.

- (1) The Board may by regulations provide that section 480A(1) shall not apply as regards a payment of interest if such conditions as may be prescribed by the regulations are fulfilled.
- (2) In particular, the regulations may include—
 - (a) provision for a certificate to be supplied to the effect that the person beneficially entitled to a payment is unlikely to be liable to pay any amount by way of income tax for the year of assessment in which the payment is made;
 - (b) provision for the certificate to be supplied by that person or such other person as may be prescribed by the regulations;
 - (c) provision about the time when, and the manner in which, a certificate is to be supplied;
 - (d) provision about the form and contents of a certificate.
- (3) Any provision included under subsection (2)(d) above may allow the Board to make requirements, in such manner as they see fit, as to the matters there mentioned.
- (4) For the purposes of this section, crediting interest shall be treated as paying it.

480C Relevant deposits: computation of tax on interest.

Notwithstanding anything in sections 64, 66 and 67, income tax chargeable under Case III of Schedule D on interest in respect of a relevant deposit shall be computed on the full amount of the income arising in the year of assessment.”

- (2) This paragraph shall apply as regards interest paid or credited on or after 6th April 1991.
- 8**
- (1) Section 481 (definitions of relevant deposit etc.) shall be amended as follows.
 - (2) The following subsection shall be inserted after subsection (1)—

“(1A) In this section “the relevant provisions” also means sections 480A and 480C.”
 - (3) In subsection (2) the following shall be inserted after paragraph (c)—

“(ca) any local authority;” and paragraphs (d) and (e) shall be omitted.
 - (4) In subsection (6) after the word “sections” there shall be inserted the words “ 480A, 480C”.
 - (5) Sub-paragraph (3) above shall apply as regards interest paid or credited on or after 6th April 1991.
- 9**
- (1) Section 482 (supplementary provisions) shall be amended as follows.
 - (2) In subsection (6), in paragraph (b) of the definition of “qualifying certificate of deposit” for the words “less than seven days” there shall be substituted the words “ more than five years”.

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- (3) In subsection (6), the following paragraph shall be substituted for paragraph (a) of the definition of “qualifying time deposit”—
“require repayment of the deposit at a specified time falling before the end of the period of five years beginning with the date on which the deposit is made;”.
- (4) In subsection (11) the following shall be inserted after paragraph (a)—
“(aa) with respect to the furnishing of information by depositors or deposit-takers, including, in the case of deposit-takers, the inspection of books, documents and other records on behalf of the Board; and”.
- (5) The following subsection shall be inserted after subsection (11)—
“(11A) In subsection (11)(aa) above the reference to depositors is to persons who are appropriate persons (within the meaning given by subsection (6) above) in relation to deposits.”
- (6) Sub-paragraphs (2) and (3) above shall apply as regards interest paid or credited on or after 6th April 1991.

General

- 10** (1) Section 349 (annual interest etc.) shall be amended as follows.
- (2) In subsection (3) after paragraph (d) there shall be inserted “or
 - (e) to any dividend or interest paid or credited in a relevant year of assessment in respect of shares in, or deposits with or loans to, a building society; or
 - (f) to any payment in respect of which a liability to deduct income tax is imposed by section 480A(1); or
 - (g) to any payment in respect of which a liability to deduct income tax would be imposed by section 480A(1) if conditions prescribed by regulations under section 480B were not fulfilled.”
- (3) The following subsection shall be inserted at the end—
“(4) In subsection (3)(e) above—
“dividend” has the same meaning as in section 477A, and
“relevant year of assessment” means a year of assessment to which regulations under subsection (1) of that section apply.”
- (4) This paragraph shall apply as regards a payment made on or after 6th April 1991.
- 11** (1) In section 352(1) (certificates of deduction of tax) for the words “or 687” there shall be substituted the words “, 480A or 687 or by virtue of regulations under section 477A(1)”.
- (2) This paragraph shall apply as regards a payment made on or after 6th April 1991.
- 12** (1) In section 483 (determination of reduced rate for building societies and composite rate for banks etc.) subsections (1) to (3) and (5) shall cease to have effect.
- (2) This paragraph shall apply where the first year of assessment mentioned in section 483(1) is 1990-91 or a subsequent year of assessment.

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- 13** (1) In section 686 (liability to additional rate tax of certain income of discretionary trusts) subsection (5) shall cease to have effect.
- (2) This paragraph shall apply as regards a sum paid or credited on or after 6th April 1991.
- 14** (1) In section 687 (payments under discretionary trusts) in subsection (3) the words following paragraph (i) shall cease to have effect.
- (2) This paragraph shall apply as regards an amount paid or credited on or after 6th April 1991.

Management

- 15** In the Table in section 98 of the ^{M53}Taxes Management Act 1970 (penalties for failure to comply with notices etc.) there shall be inserted in the first and second columns, after the entry relating to regulations under section 476(1) of the Taxes Act 1988— “regulations under section 477A(1);”.

Annotations:

Marginal Citations

M53 1970 c. 9.

Transitional provision

- 16** (1) In its application to the year 1991-92, section 477A of the Taxes Act 1988 shall have effect with the following modifications.
- (2) Regulations under subsection (1) may also require any building society to account for and pay, on transitional sums, an amount representing income tax calculated in part at the basic rate for the year 1990-91 and in part at the reduced rate determined for that year under section 483(1)(a) of the Taxes Act 1988.
- (3) In sub-paragraph (2) above the reference to transitional sums is to such sums paid or credited after 28th February 1991 and before 6th April 1991 as may be determined in accordance with the regulations.
- (4) In subsection (3)(a) for the words from “actual” to the end of the paragraph there shall be substituted the words “appropriate amount”.
- (5) The following subsection shall be inserted after subsection (3)—
- “(3A) In subsection (3)(a) above the reference to the appropriate amount is to the actual amount paid or credited in the accounting period of any such dividends or interest together with—
- (a) in the case of dividends or interest paid or credited in the year 1990-91, any amount accounted for and paid by the society in respect thereof as representing income tax, and
- (b) in the case of dividends or interest paid or credited in the year 1991-92, any amount of income tax accounted for and paid by the society in respect thereof.”

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SCHEDULE 6

Section 41.

LIFE ASSURANCE: APPORTIONMENT OF INCOME ETC.

1 (1) Section 431 of the Taxes Act 1988 shall be amended as follows.

(2) In subsection (2)—

^{F109}(a)

(b) there shall be inserted in the appropriate places in alphabetical order—

^{F110}“ . . . ”

““closing” and “opening”, in relation to a period of account, refer respectively to the position at the end and at the beginning of the period and, in relation to an accounting period, refer respectively to the position at the end and at the beginning of the period of account in which the accounting period falls;”

““closing liabilities” includes liabilities assumed at the end of the period of account concerned in consequence of the declaration of reversionary bonuses or a reduction in premiums;”

““industrial assurance business” has the same meaning as in the Insurance Companies Act 1982;”

““investment reserve”, in relation to an insurance company, means the excess of the value of the assets of the company’s long term business fund over the liabilities of the long term business;”

““liabilities”, in relation to an insurance company, means the liabilities of the company estimated as for the purposes of its periodical return (excluding any that have fallen due or been reinsured and any not arising under or in connection with policies or contracts effected as part of the company’s insurance business);”

^{F111}“ . . . ”

^{F112}“ . . . ”

““long term business fund” means the fund maintained by an insurance company in respect of its long term business or, where the company carries on both ordinary long term business and industrial assurance business, either or both (as the context may require) of the two funds so maintained;”

““ordinary long term business” and “ordinary life assurance business” mean respectively long term business and life assurance business that is not industrial assurance business;”

^{F113}“ . . . ”

““overseas life assurance fund” shall be construed in accordance with Schedule 19AA;”

““value”, in relation to assets of an insurance company, means the value of the assets as taken into account for the purposes of the company’s periodical return;”

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““with-profits liabilities” means liabilities in respect of policies or contracts under which the policy holders or annuitants are eligible to participate in surplus;”.

^{F114}(3)
 (4)

Annotations:

Amendments (Textual)

- F109** Sch. 6 para. 1(2)(a) repealed (1.5.1995) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII**
F110 Sch. 6 para. 1(2)(b): Definition of “basic life assurance business” repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the amending Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)** Note 2
F111 Sch. 6 para. 1(2)(b): Definition of “linked assets” repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the amending Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)** Note 2
F112 Sch. 6 para. 1(2)(b): Definition of “long term business” repealed (1.12.2001) by S.I. 2001/3629, art. 109, **Sch.**
F113 Sch. 6 para. 1(2)(b): Definition of “overseas life assurance business” repealed (1.5.1995 with effect in accordance with Sch. 8 para. 55 of the amending Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)** Note 1(with Sch. 8 paras. 55(2), 57(1))
F114 Sch. 6 para. 1(3)(4) repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the amending Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)** Note 2

2 After section 431 of the Taxes Act 1988 there shall be inserted—

“431A Amendment of Chapter etc.

Where it is expedient to do so in consequence of the exercise of any power under the Insurance Companies Act 1982, the Treasury may by order amend the provisions of this Chapter and any other provision of the Tax Acts so far as relating to insurance companies.”

^{F115}3

Annotations:

Amendments (Textual)

- F115** Sch. 6 para. 3 repealed (29.4.1996 with effect in relation to accounting periods beginning on or after 1st January 1996) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(26)** Note

4 After section 432 of that Act there shall be inserted—

“432A Apportionment of income and gains.

(1) This section has effect where—

- (a) an insurance company carries on in any period both ordinary long term business and industrial assurance business, or life assurance business and other long term business, or more than one class of life assurance business, and
- (b) it is necessary for the purposes of the Corporation Tax Acts to determine in relation to the period what parts of—

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- (i) income arising from the assets of the company's long term business fund, or
 - (ii) gains or losses accruing on the disposal of such assets,

are referable to any of the categories of business in question.
- (2) The classes of life assurance business referred to in subsection (1) above are—
 - (a) pension business;
 - (b) general annuity business;
 - (c) overseas life assurance business; and
 - (d) basic life assurance business.
- (3) Income arising from, and gains or losses accruing on the disposal of, assets linked solely to ordinary long term business, industrial assurance business, life assurance business, long term business other than life assurance business, pension business or basic life assurance business shall be referable to the category of business concerned.
- (4) Income arising from, and gains or losses accruing on the disposal of, assets of the overseas life assurance fund (and no other assets) shall be referable to overseas life assurance business.
- (5) There shall be referable to any category of business (apart from overseas life assurance business) the relevant fraction of any income, gains or losses not directly referable to any of the appropriate categories of business.
- (6) For the purposes of subsection (5) above “the relevant fraction”, in relation to a category of business, is the fraction of which—
 - (a) the numerator is the aggregate of—
 - (i) the mean of the opening and closing liabilities of the category, reduced by the mean of the opening and closing values of any assets directly referable to the category, and
 - (ii) the mean of the appropriate parts of the opening and closing amounts of the investment reserve; and
 - (b) the denominator is the aggregate of—
 - (i) the mean of the opening and closing liabilities of the long term business, reduced by the mean of the opening and closing values of any assets directly referable to any of the appropriate categories of business, and
 - (ii) the mean of the opening and closing amounts of the investment reserve.
- (7) For the purposes of subsections (5) and (6) above—
 - (a) references to appropriate categories of business—
 - (i) where the category of business in question is ordinary long term business or industrial assurance business, are references to those categories of business;
 - (ii) where the category of business in question is life assurance business or long term business other than life assurance business, are references to those categories of business; and
 - (iii) where the category of business in question is pension business, general annuity business or basic life assurance business, are

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- references to pension business and basic life assurance business;
and
- (b) income, gains or losses are directly referable to a category of business if referable to the category by virtue of subsection (3) above and assets are directly referable to a category of business if income arising from the assets is, and gains or losses accruing on the disposal of the assets are, so referable.
- (8) In subsection (6) above “appropriate part”, in relation to the investment reserve, means—
- (a) where all of the liabilities of the long term business are linked liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the category of business in question bears to the whole amount of the liabilities of the long term business,
- (b) where any of the liabilities of the long term business are not linked liabilities but none (or none but an insignificant proportion) are with-profits liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the category of business in question which are not linked liabilities bears to the whole amount of the liabilities of the long term business which are not linked liabilities, and
- (c) in any other case, the part of that reserve which bears to the whole the same proportion as the amount of the with-profits liabilities of the category of business in question bears to the whole amount of the with-profits liabilities of the long term business;
- and in this subsection “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.
- (9) Where the category of business in question is a class of life assurance business, for the purposes of this section—
- (a) “liabilities” does not include liabilities of the overseas life assurance business; and
- (b) assets of the overseas life assurance fund and liabilities of the overseas life assurance business shall be left out of account in determining the investment reserve.
- (10) Subsection (5) above shall not apply in relation to gains or losses accruing on disposals deemed to have been made by virtue of section 46 of the Finance Act 1990 except where it is necessary to determine what parts are referable to different categories of business within subsection (3)(b) of that section (and shall apply in that case subject to appropriate modifications).

432B Apportionment of receipts brought into account.

- (1) This section and sections 432C to 432E have effect where it is necessary in accordance with section 83 of the Finance Act 1989 to determine what parts of any items brought into account in the revenue account prepared for the purposes of the Insurance Companies Act 1982 are referable to life assurance business or any class of life assurance business.
- (2) Where in addition to the revenue account prepared for the purposes of the Insurance Companies Act 1982 in respect of the whole of any business carried on by a company there are prepared for the purposes of that Act revenue accounts

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relating to parts of the business, amounts referred to in sections 432C to 432E shall, so far as they relate to those parts, be ascertained by reference to the latter accounts rather than by reference to the former.

- (3) Sections 432C and 432D apply where the business with which an account is concerned (“the relevant business”) relates exclusively to policies or contracts under which the policy holders or annuitants are not eligible to participate in surplus; and section 432E applies where the relevant business relates wholly or partly to other policies or contracts.

432C Section 432B apportionment: income of non-participating funds.

- (1) To the extent that the amount brought into account as income is attributable to assets linked solely to life assurance business, pension business or basic life assurance business, it shall be referable to the category of business concerned.
- (2) To the extent that that amount is attributable to assets of the overseas life assurance fund, it shall be referable to overseas life assurance business.
- (3) There shall be referable to any category of business (apart from overseas life assurance business) the relevant fraction of so much of the amount brought into account as income as is not directly referable to any of the appropriate categories of business.
- (4) For the purposes of subsection (3) above “the relevant fraction”, in relation to a category of business, is the fraction of which—
 - (a) the numerator is the mean of the opening and closing liabilities of the relevant business so far as referable to the category, reduced by the mean of the opening and closing values of any assets of the relevant business directly referable to the category; and
 - (b) the denominator is the mean of the opening and closing liabilities of the relevant business, reduced by the mean of the opening and closing values of any assets of the relevant business directly referable to any of the appropriate categories of business.
- (5) For the purposes of subsections (3) and (4) above—
 - (a) references to appropriate categories of business—
 - (i) where the category of business in question is life assurance business, are references to that category of business and long term business other than life assurance business; and
 - (ii) where the category of business in question is pension business, general annuity business or basic life assurance business, are references to pension business and basic life assurance business; and
 - (b) the part of the amount brought into account as income which is directly referable to a category of business is the part referable to the category by virtue of subsection (1) above and assets are directly referable to a category of business if such part of the amount brought into account as income as is attributable to them is so referable.
- (6) Where the category of business in question is a class of life assurance business, for the purposes of this section “liabilities” does not include liabilities of the overseas life assurance business.

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432D Section 432B apportionment: value of non-participating funds.

- (1) To the extent that the amount brought into account as the increase or decrease in the value of assets is attributable to assets linked solely to life assurance business, pension business or basic life assurance business, or to assets of the overseas life assurance fund which are linked solely to overseas life assurance business, it shall be referable to the category of business concerned.
- (2) There shall be referable to any category of business the relevant fraction of the amount brought into account as the increase or decrease in the value of assets except so far as the amount is attributable to assets which are directly referable to any of the appropriate categories of business.
- (3) Subsections (4) and (5) (but not (6)) of section 432C shall apply for the purposes of this section as if—
 - (a) each of the references to a subsection of that section were a reference to the corresponding subsection of this section, and
 - (b) in subsection (5)—
 - (i) a reference to overseas life assurance business were included after each of the references to pension business in paragraph (a) (ii), and
 - (ii) each of the references in paragraph (b) to income were a reference to the increase or decrease in the value of assets.

432E Section 432B apportionment: participating funds.

- (1) The part of the net amount of the items referred to in subsection (1) of section 83 of the Finance Act 1989 (that is to say the income referred to in paragraph (a) of that subsection increased or reduced by the increase or reduction in the value referred to in paragraph (b)) which is referable to a particular category of business shall be—
 - (a) the amount determined in accordance with subsection (2) below, or
 - (b) the amount determined in accordance with subsection (3) below,whichever is the greater.
- (2) For the purposes of subsection (1) above there shall be determined the amount which is such as to secure—
 - (a) in a case where the relevant business is mutual business, that

$CAS = CS,$ and

- (b) in any other case, that

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$$CS - CAS = (S - AS$$

where—

S is the surplus of the relevant business;

AS is so much of that surplus as is allocated to persons entitled to the benefits provided for by the policies or contracts to which the relevant business relates;

CAS is so much of the surplus so allocated as is attributable to policies or contracts of the category of business concerned; and

CS is so much of the surplus of the relevant business as would remain if the relevant business were confined to business of the category concerned.

- (3) For the purposes of subsection (1) above there shall also be determined the aggregate of—
- (a) the applicable percentage of what is left of the mean of the opening and closing liabilities of the relevant business so far as referable to the category of business concerned after deducting from it the mean of the opening and closing values of any assets of the relevant business linked solely to that category of business, and
 - (b) the part of the net amount mentioned in subsection (1) above that is attributable to assets linked solely to that category of business.
- (4) For the purposes of subsection (3) above “the applicable percentage”, in any case, is such percentage as may be determined for that case by or in accordance with an order made by the Treasury.
- (5) Where the part of the net amount referable to a particular category or categories of business (“the subsection (3) category or categories”) is the amount determined in accordance with subsection (3) above, the amount determined in accordance with subsection (2) above in relation to any other category (“the relevant category”) shall be reduced by—

$$\frac{XY}{Z}$$

where—

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X is the excess of the amount determined in accordance with subsection (3) above in the case of the subsection (3) category (or each of them) over the amount determined in its case (or the case of each of them) in accordance with subsection (2) above;

Y is so much of the surplus of the relevant business as is allocated to persons entitled to the benefits provided for by policies or contracts of the relevant category; and

Z is so much of the surplus of the relevant business as is allocated to persons entitled to the benefits provided for by policies or contracts of the category (or each of the categories) which is not a subsection (3) category.

(6) Where the category of business concerned is overseas life assurance business—

- (a) if the part of the income brought into account that is attributable to assets of the overseas life assurance fund not linked solely to overseas life assurance business is greater than the amount arrived at under subsection (3)(a) above, this section shall have effect as if that part of that income were the amount so arrived at; and
- (b) the amount which, apart from this paragraph, would be the part of the net amount referable to that category of business shall be—
 - (i) reduced by the part of the net amount attributable to distributions of companies resident in the United Kingdom relating to assets of the company's overseas life assurance fund, and
 - (ii) increased by the amount which is income of the relevant business by virtue of section 441A.”

F116 5

Annotations:

Amendments (Textual)

F116 [Sch. 6 para. 5](#) repealed (31.7.1997 with effect in accordance with the provisions of [Sch. 3](#) of the amending Act) by [1997 c. 58, s. 52](#), [Sch. 8 Pt. II\(6\)](#) Note (with s. 3(3))

F117 6

Annotations:

Amendments (Textual)

F117 [Sch. 6 para. 6](#) repealed(for accounting periods beginning on or after 01.01.1992) by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 123, [Sch. 19 Pt.V](#) Note 3.

7 In section 439 of that Act, for the words from the beginning to “1982;” in subsection (5) there shall be substituted—

“(1) For the purposes of this Chapter restricted government securities shall be treated as linked solely to pension business.

(2) In this section”.

8 For section 440 of that Act there shall be substituted—

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“440 Transfers of assets etc.

- (1) If at any time an asset (or a part of an asset) held by an insurance company ceases to be within one of the categories set out in subsection (4) below and comes within another of those categories, the company shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) for a consideration equal to its market value at that time.
- (2) Where—
 - (a) an asset is acquired by a company as part of the transfer to it of the whole or part of the business of an insurance company (“the transferor”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, and
 - (b) the asset (or part of it) is within one of the categories set out in subsection (4) below immediately before the acquisition and is within another of those categories immediately afterwards,
 the transferor shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) immediately before the acquisition for a consideration equal to its market value at that time.
- (3) Where, apart from this subsection, section 273 or 274 of the 1970 Act (transfers within a group) would apply to a disposal or acquisition by an insurance company of an asset (or part of an asset) which, immediately before the disposal or (as the case may be) immediately after the acquisition, is within one of the categories set out in paragraphs (a) to (d) of subsection (4) below, that section shall not apply to the disposal or acquisition.
- (4) The categories referred to in subsections (1) to (3) above are—
 - (a) assets linked solely to basic life assurance business;
 - (b) assets linked solely to pension business;
 - (c) assets of the overseas life assurance fund;
 - (d) assets of the long term business fund not within any of the preceding paragraphs;
 - (e) other assets.
- (5) In this section “market value” has the same meaning as in the 1979 Act.

440A Securities.

- (1) Subsection (2) below applies where the assets of an insurance company include securities of a class all of which would apart from this section be regarded for the purposes of corporation tax on chargeable gains as one holding.
- (2) Where this subsection applies—
 - (a) so many of the securities as are identified in the company’s records as securities by reference to the value of which there are to be determined benefits provided for under policies the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of basic life assurance business shall be treated for the purposes of corporation tax as a separate holding linked solely to that business,

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- (b) so many of the securities as are identified in the company's records as securities by reference to the value of which there are to be determined benefits provided for under contracts the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of pension business shall be treated for those purposes as a separate holding linked solely to that business,
 - (c) so many of the securities as are included in the overseas life assurance fund shall be treated for those purposes as a separate holding which is an asset of that fund,
 - (d) so many of the securities as are included in the company's long term business fund but do not fall within any of the preceding paragraphs shall be treated for those purposes as a separate holding which is an asset of that fund (but not of any of the descriptions mentioned in those paragraphs), and
 - (e) any remaining securities shall be treated for those purposes as a separate holding which is not of any of the descriptions mentioned in the preceding paragraphs.
 - (3) Subsection (2) above also applies where the assets of an insurance company include securities of a class and apart from this section some of them would be regarded as a 1982 holding, and the rest as a new holding, for the purposes of corporation tax on chargeable gains.
 - (4) In a case within subsection (3) above—
 - (a) the reference in any paragraph of subsection (2) above to a separate holding shall be construed, where necessary, as a reference to a separate 1982 holding and a separate new holding, and
 - (b) the questions whether such a construction is necessary in the case of any paragraph and, if it is, how many securities falling within the paragraph constitute each of the two holdings shall be determined in accordance with paragraph 12 of Schedule 6 to the Finance Act 1990 and the identification rules applying on any subsequent acquisitions and disposals.
 - (5) Section 66 of the 1979 Act shall have effect where subsection (2) above applies as if securities regarded as included in different holdings by virtue of that subsection were securities of different kinds.
 - (6) In this section—
 - “1982 holding” has the meaning given by Part II of Schedule 19 to the Finance Act 1985;
 - “new holding” has the meaning given by Part III of that Schedule; and
 - “securities” has the same meaning as in section 65 of the 1979 Act.”
- 9 (1) In section 724 of the Taxes Act 1988, after subsection (1) there shall be inserted—
- “(1A) If at any time securities held by an insurance company cease to be within one of the categories set out in section 440(4) and come within another of those categories, the company shall be treated for the purposes of sections 710 to 728 as transferring the securities to itself at that time.”
- (2) In section 711(6) of that Act, for the words “or 722(1) or (2)” there shall be substituted the words “, 722(1) or (2) or 724(1A)”.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (3) In section 712(4) of that Act, for the words “and 722” there shall be substituted the words “, 722 and 724(1A)”.

F118 10

Annotations:

Amendments (Textual)

F118 Sch. 6 para. 10 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss.60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

- 11** (1) Paragraph 9 above shall be deemed to have come into force on 24th May 1990 but, subject to that,—
- (a) in so far as it relates to determinations of profits in accordance with section 83 of the ^{M54}Finance Act 1989, this Schedule shall apply in relation to any period for which such a determination falls to be made, other than a period for which it falls to be made only by virtue of an election under section 83(5) of the Finance Act 1989, and
 - (b) in so far as it relates to section 432A of the Taxes Act 1988, this Schedule shall apply to income arising, and disposals occurring, on or after 1st January 1990.
- (2) Subject to sub-paragraph (1) above, this Schedule shall be deemed to have come into force on 1st January 1990.
- (3) The preceding provisions of this paragraph shall have effect subject to paragraph 12 below.

Annotations:

Marginal Citations

M54 1989 c. 26.

- 12** (1) Where at the end of 1989 the assets of an insurance company include securities of a class some of which are regarded as a single 1982 holding, and the rest of which are regarded as a single new holding, for the purposes of corporation tax on chargeable gains—
- (a) at the beginning of 1990 there shall be both a 1982 holding and a new holding of the description mentioned in any paragraph of section 440A(2) of the Taxes Act 1988 within which any of the securities fall at that time (whether or not there would be apart from this sub-paragraph), and
 - (b) the 1982 holding and the new holding of the description mentioned in any such paragraph shall at that time bear to one another the same proportions as the single 1982 holding and the single new holding at the end of 1989.
- (2) For the period beginning with 1st January 1990 and ending with 19th March 1990, section 440(4) of the Taxes Act 1988 (as substituted by paragraph 8 of this Schedule) and section 440A(2) of that Act shall have effect with the omission of paragraph (d) (so that all assets not within paragraphs (a) to (c) fall within paragraph (e)).
- (3) Sub-paragraph (4) below applies where—

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- (a) at the end of 19th March 1990 the assets of an insurance company include securities of a class some of which are regarded as a relevant 1982 holding, and others of which are regarded as a relevant new holding, for the purposes of corporation tax on chargeable gains, and
- (b) some of the securities are included in the company's long term business fund but others are not;

and for the purposes of this sub-paragraph a holding is a “relevant” holding if it is not linked to pension business or basic life assurance business and is not an asset of the overseas life assurance fund.

(4) Where this sub-paragraph applies—

- (a) at the beginning of 20th March 1990 there shall be both a 1982 holding and a new holding of each of the descriptions mentioned in paragraphs (d) and (e) of section 440A(2) of the Taxes Act 1988 (whether or not there would be apart from this sub-paragraph), and
- (b) the 1982 holding and the new holding of each of those descriptions shall at that time bear to one another the same proportions as the 1982 holding and the new holding mentioned in sub-paragraph (3)(a) above at the end of 19th March 1990.

(5) Except for the purposes of determining the assets of a company which are linked solely to basic life assurance business, the amendments made by this Schedule shall have effect in relation to a company with the omission of references to overseas life assurance business as respects any time before the provisions of Schedule 7 to this Act have effect in relation to the company.

(6) Sub-paragraph (7) below applies where—

- (a) the first accounting period of an insurance company beginning on or after 1st January 1990 begins after 20th March 1990,
- (b) at some time during the accounting period the company carries on overseas life assurance business, and
- (c) immediately before the beginning of the accounting period the assets of the long term business fund of the company include both a relevant 1982 holding and a relevant new holding of securities of the same class;

and for the purposes of this sub-paragraph a holding is a “relevant” holding if it is not linked to pension business or basic life assurance business.

(7) Where this sub-paragraph applies—

- (a) at the beginning of the accounting period there shall be both a 1982 holding and a new holding of each of the descriptions mentioned in paragraphs (c) and (d) of section 440A(2) of the Taxes Act 1988 (whether or not there would be apart from this sub-paragraph), and
- (b) the 1982 holding and the new holding of each of those descriptions shall at that time bear to one another the same proportions as the 1982 holding and the new holding mentioned in sub-paragraph (6)(c) above immediately before the beginning of the period.

(8) No disposal or re-acquisition shall be deemed to occur by virtue of section 440 of the Taxes Act 1988 (as substituted by paragraph 8 of this Schedule) by reason only of the coming into force (in accordance with the provisions of paragraph 11 of this Schedule and this paragraph) of any provision of section 440A of that Act.

(9) The substitution made by paragraph 8 of this Schedule shall not affect—

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- (a) the operation of section 440 of the Taxes Act 1988 (as it has effect before the substitution) before 20th March 1990, or
- (b) the operation of subsections (6) and (7) of that section (as they have effect before the substitution) in relation to the disposal of an asset which has not been deemed to be disposed of by virtue of section 440 (as it has effect after the substitution) before the time of the disposal.

(10) In this paragraph—

“1982 holding” has the meaning given by Part II of Schedule 19 to the ^{M55}Finance Act 1985;

“new holding” has the meaning given by Part III of that Schedule; and

“securities” has the same meaning as in section 65 of the ^{M56}Capital Gains Tax Act 1979.

Annotations:

Marginal Citations

M55 1985 c. 54.

M56 1979 c. 14.

SCHEDULE 7

Section 42.

OVERSEAS LIFE ASSURANCE BUSINESS

- 1** In section 76(1)(d) of the Taxes Act 1988, for the words “or pension business” there shall be substituted the words “, pension business or overseas life assurance business”.
- 2** In section 231(1) of that Act, for the words “and 247” there shall be substituted the words “, 247 and 441A”.
- 3** For section 441 of that Act there shall be substituted—

“441 Overseas life assurance business.

- (1) This section and section 441A shall apply for an accounting period of an insurance company resident in the United Kingdom if during the period the company carries on overseas life assurance business.
- (2) Subject to the provisions of this section and section 441A, profits arising to the company from the overseas life assurance business shall be treated as income within Schedule D, and be chargeable under Case VI of that Schedule, and for that purpose—
 - (a) that business shall be treated separately, and
 - (b) subject to paragraph (a) above, the profits from it shall be computed in accordance with the provisions of this Act applicable to Case I of Schedule D.
- (3) Subsection (2) above shall not apply if the company is charged to corporation tax in accordance with the provisions applicable to Case I of Schedule D in respect of the profits of its life assurance business.

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- (4) In making the computation referred to in subsection (2) above—
 - (a) sections 82(1), (2) and (4) and 83 of the Finance Act 1989 shall apply with the necessary modifications and in particular with the omission of the words “tax or” in section 82(1)(a), and
 - (b) there may be set off against the profits any loss, to be computed on the same basis as the profits, which has arisen from overseas life assurance business in any previous accounting period beginning on or after 1st January 1990.
- (5) Section 396 shall not be taken to apply to a loss incurred by a company on overseas life assurance business.
- (6) Nothing in section 128 or 399(1) shall affect the operation of this section.
- (7) Notwithstanding section 337(2), there shall be deductible in computing the profits arising to a company from overseas life assurance business—
 - (a) interest payable by the company under a liability of the long term business, so far as referable to overseas life assurance business, and
 - (b) annuities payable by the company, so far as so referable.
- (8) Gains accruing on the disposal by a company of assets of its overseas life assurance fund shall not be chargeable gains.

441A Section 441: distributions.

- (1) Section 208 shall not apply to a distribution in respect of any asset of an insurance company’s overseas life assurance fund.
- (2) Subject to subsection (3) below, an insurance company shall not be entitled under section 231 to a tax credit in respect of such a distribution.
- (3) A company shall be entitled to such a tax credit if and to the extent that, were the recipient an individual resident in the territory in which the relevant branch or agency is situated, he would be entitled to the credit under arrangements having effect by virtue of section 788.
- (4) For the purposes of subsection (3) above the relevant branch or agency, in the case of a tax credit in respect of a distribution, is—
 - (a) where the relevant asset is linked solely to overseas life assurance business—
 - (i) the branch or agency at or through which the company has effected policies or contracts the benefits under which are to be determined by reference to the value of the asset, or
 - (ii) in a case where there is more than one such branch or agency, the branches to which different parts of it are allocated by the company in accordance with subsection (5) below;
 - (b) subject to paragraph (a) above, where the management of the relevant asset is under the control of a person whose normal place of work is at a branch or agency, that branch or agency; and
 - (c) in any other case, the branch or agency to which it is allocated by the company.

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- (5) Where policies or contracts the benefits under which are to be determined by reference to the value of an asset within subsection (4)(a) above have been effected at or through more than one branch or agency, different parts of the asset shall be allocated to them so as to secure as far as practicable that the part allocated to each is proportionate to the part of the liabilities in respect of those benefits represented by liabilities under policies or contracts effected at or through it.
- (6) Where the overseas life assurance business carried on at or through a branch or agency in a territory includes—
- reinsurance business which consists of the reinsurance of liabilities of a person resident in another territory, or
 - retrocession business,
- the amount of any tax credit in relation to which the branch or agency is the relevant branch or agency shall be reduced by the proportion which the liabilities of that reinsurance business bear to all the liabilities of the overseas life assurance business carried on at or through the branch or agency.
- (7) Where a company is entitled to an amount of tax credit by virtue of this section the company may claim to have that amount paid to it.
- (8) No franked investment income shall be used under Chapter V of Part VI of this Act to frank a company's distributions if the tax credit (or any part of the tax credit) comprised in it is payable to the company under subsection (7) above."

4 In section 724 of that Act—

- in subsection (3), for the words after "insurance company" there shall be substituted the words "to the extent that the securities transferred are immediately before the transfer referable to a business the profits of which are computed in accordance with section 436 or 441.", and
- in subsection (4), for the words after "apply", in the first place where it occurs, there shall be substituted the words "if the transferee is an insurance company to the extent that the securities transferred are immediately after the transfer referable to a business the profits of which are computed in accordance with section 436 or 441."

F119 5

Annotations:

Amendments (Textual)

F119 Sch. 6 para. 5 repealed (31.7.1997 with effect in accordance with the provisions of Sch. 3 to the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(6)(with s. 3(3))

6 After Schedule 19 to the Taxes Act 1988 there shall be inserted—

“SCHEDULE 19AA

Section 431.

OVERSEAS LIFE ASSURANCE FUND

- 1** (1) This Schedule shall have effect for determining for the purposes of this Chapter the assets of a company which are the assets of its overseas life assurance fund.

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- (2) The Treasury may by order amend any of the following provisions of this Schedule.
- 2 (1) Assets of a company at the end of a period of account which—
- (a) were assets of the overseas life assurance fund at the end of the immediately preceding period of account, and
 - (b) are assets of the long term business fund of the company throughout the period,
- shall be assets of the overseas life assurance fund throughout the period.
- (2) Where in a period of account assets of a company which were assets of the overseas life assurance fund at the end of the immediately preceding period of account are disposed of by the company, or otherwise cease to be assets of the long term business fund of the company, they shall be assets of the overseas life assurance fund from the beginning of the period until they are disposed of or, as the case may be, they cease to be assets of the long term business fund.
- (3) Where—
- (a) in any period of account assets are acquired by a company as assets of the long term business fund, or otherwise become assets of that fund,
 - (b) the assets are disposed of by the company, or otherwise cease to be assets of that fund, later in the same period,
 - (c) throughout the part of the period during which the assets are assets of the long term business fund they are either—
 - (i) linked solely to the overseas life assurance business of the company, or
 - (ii) assets within paragraph 5(5)(c) below, and
 - (d) it is appropriate having regard to all the circumstances (including a comparison between the relationship of the value of the assets of the overseas life assurance fund and the liabilities of the overseas life assurance business and that of the value of the assets of the long term business fund and the liabilities of the company's long term business) that they be assets of the overseas life assurance fund,
- they shall be assets of the overseas life assurance fund for the part of the period during which they are assets of the long term business fund.
- 3 (1) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is less than the amount mentioned in paragraph 4 below (or where there are no assets within paragraph 2(1)), assets which—
- (a) are assets of the long term business fund of the company at the end of the period,
 - (b) have a value at that time equal to the difference (or to that amount), and
 - (c) are designated in accordance with paragraph 5 below,
- shall become assets of the overseas life assurance fund at the relevant time.
- (2) In sub-paragraph (1) above “the relevant time” means—
- (a) where the asset is not an asset of the long term business fund of the company throughout the period, the time when it became such an asset, and
 - (b) in any other case, the end of the period.

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- (3) Where the value of the assets mentioned in paragraph 2(1) above at the end of the period is greater than the amount mentioned in paragraph 4 below, assets which—
 - (a) are assets of the long term business fund of the company at the end of the period,
 - (b) have a value at that time equal to the difference, and
 - (c) are designated in accordance with paragraph 5 below,
 shall cease to be assets of the overseas life assurance fund at the end of the period.
- 4 (1) The amount referred to in paragraph 3 above is the aggregate of—
 - (a) the liabilities of the company's overseas life assurance business at the end of the period of account, and
 - (b) the appropriate part of the investment reserve at that time.
 (2) In sub-paragraph (1)(b) above the “appropriate part”, in relation to the investment reserve, means—
 - (a) where all of the liabilities of the long term business are linked liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the overseas life assurance business bears to the whole amount of the liabilities of the long term business,
 - (b) where any of the liabilities of the long term business are not linked liabilities but none (or none but an insignificant proportion) are with-profits liabilities, the part of that reserve which bears to the whole the same proportion as the amount of the liabilities of the overseas life assurance business which are not linked liabilities bears to the whole amount of the liabilities of the long term business which are not linked liabilities, and
 - (c) in any other case, the part of that reserve which bears to the whole the same proportion as the amount of the with-profits liabilities of the overseas life assurance business bears to the whole amount of the with-profits liabilities of the long term business;
 and in this sub-paragraph “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.
- 5 (1) Any designation of assets required for the purposes of paragraph 3 above shall be made by a company in accordance with the following provisions of this paragraph.
 - (2) When designating assets for the purposes of paragraph 3(1) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the preceding paragraphs of that sub-paragraph.
 - (3) When designating assets for the purposes of paragraph 3(3) above, a company shall not designate an asset falling within any paragraph of sub-paragraph (5) below unless it designates all assets falling within each of the succeeding paragraphs of that sub-paragraph.
 - (4) When an asset falls within more than one paragraph of sub-paragraph (5) below, it shall be taken for the purposes of this paragraph to fall only within the first of them.
 - (5) The categories of assets referred to in sub-paragraphs (2) and (3) above are—

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- (a) assets linked solely to overseas life assurance business;
- (b) so many of any assets denominated in an overseas currency, other than any non-overseas linked assets, as have a value at the end of the period not exceeding the amount of the company's liabilities in respect of benefits expressed in that currency so far as referable to overseas life assurance business;
- (c) assets the management of which is under the control of a person whose normal place of work is at a branch or agency at or through which the company carries on overseas life assurance business;
- (d) securities issued by the Treasury with a FOTRA condition and securities to which section 581 of this Act applies;
- (e) assets not within paragraph (f) below;
- (f) shares in companies resident in the United Kingdom;

but assets linked solely to pension business or basic life assurance business are not within any paragraph of this sub-paragraph (and may not be designated for the purposes of paragraph 3 above).

- (6) For the purposes of sub-paragraph (5)(b) above assets are “non-overseas linked assets” if they are linked assets and none of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of overseas life assurance business.
- (7) For the purposes of sub-paragraph (5)(d) above securities are issued with a FOTRA condition if—
 - (a) they are issued with the condition that the interest on the securities shall not be liable to income tax so long as it is shown, in a manner directed by the Treasury, that the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, or
 - (b) they are issued with the condition mentioned in section 22(1) of the Finance (No.2) Act 1931 whether or not modified by virtue of section 60(1) of the Finance Act 1940.”

F120 7

Annotations:

Amendments (Textual)

F120 Sch. 7 para. 7 repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the amending Act) by 1995 c. 4, s. 162 Sch. 29 Pt. VIII(5) Note

F121 8

Annotations:

Amendments (Textual)

F121 Sch. 7 para. 8 repealed(for accounting periods beginning on or after 01.01.1992) by Finance Act 1991 (c. 31, SIF 63:1), s. 123, Sch. 19 Pt.V Note 3.

F122 9

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Annotations:

Amendments (Textual)

F122 [Sch. 7 para. 9](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

- 10** (1) This Schedule shall apply for accounting periods beginning on or after 1st January 1990; and paragraph 9 above shall apply for accounting periods beginning on or after that date and ending on or before 5th April 1990 as well as for later accounting periods.
- (2) In relation to the first period of account of an insurance company beginning on or after 1st January 1990, the assets of the company which—
- (a) are assets of the long term business fund of the company at the beginning of the period,
 - (b) have a value at that time equal to the amount mentioned in paragraph 4 of Schedule 19AA to the Taxes Act 1988, and
 - (c) are designated in accordance with paragraph 5 of that Schedule (on the same basis as a designation required for the purposes of paragraph 3(1) of that Schedule),
- shall be treated for the purposes of sub-paragraphs (1) and (2) of paragraph 2 of that Schedule as if they were the assets of the overseas life assurance fund at the end of the immediately preceding period of account.

^{F123}SCHEDULE 8

Annotations:

Amendments (Textual)

F123 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), s. 290, Sch. 12](#) (with [ss. 60, 101\(1\), 201\(3\), Sch. 11 paras. 22, 26\(2\), 27](#)) and subject to amendments (17.2.1995) by [S.I. 1995/171, reg. 4\(2\)](#) and (10.8.1995) by [S.I. 1992/1655, regs. 19A, 19B](#) (as inserted by [S.I. 1995/1916, reg. 9](#)))

General

F124¹

Annotations:

Amendments (Textual)

F124 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), s. 290, Sch. 12](#) (with [ss. 60, 101\(1\), 201\(3\), Sch. 11 paras. 22, 26\(2\), 27](#)) and subject to an amendment (10.8.1995) by [S.I. 1992/1655, reg. 19A](#) (as inserted (10.8.1995) by [S.I. 1995/1916, reg. 9](#)))

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Exemption for certain linked assets

F125 **2**

Annotations:

Amendments (Textual)

F125 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

Replacement of assets

F126 **3**

Annotations:

Amendments (Textual)

F126 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27 and subject to an amendment (10.8.1995) by S.I. 1992/1655, [reg. 19B](#) (as inserted (10.8.1995) by S.I. 1995/1916, [reg. 9](#)))

F127 **4**

Annotations:

Amendments (Textual)

F127 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27).

F128 **5**

Annotations:

Amendments (Textual)

F128 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27)

Supplementary

F129 **6**

Annotations:

Amendments (Textual)

F129 [Sch. 8](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 12](#) (with ss. 60, 101(1), 201(3), [Sch. 11](#) paras. 22, 26(2), 27 and subject to an amendment (17.2.1995) by S.I. 1995/171, [reg. 4](#))

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SCHEDULE 9

Section 48.

INSURANCE COMPANIES: TRANSFERS OF LONG TERM BUSINESS

Capital gains

F130**1**

Annotations:

Amendments (Textual)

F130 [Sch. 9 para. 1](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101(1), 201(3), [Sch. 11 paras. 22, 26\(2\), 27](#)).

F131**2**

Annotations:

Amendments (Textual)

F131 [Sch. 9 para. 2](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101(1), 201(3), [Sch. 11 paras. 22, 26\(2\), 27](#)).

Accounting periods

- 3** In section 12 of the Taxes Act 1988, after subsection (7) there shall be inserted—
- “(7A) Notwithstanding anything in subsections (1) to (7) above, where there is a transfer of the whole or part of the long term business of an insurance company to another company in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, an accounting period of the company from which the business is transferred shall end with the day of the transfer.”

Expenses of management and losses

- 4** The following section shall be inserted after section 444 of the Taxes Act 1988—

“444A Transfers of business.

- (1) Subject to the following provisions of this section, this section applies where there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.
- (2) Any expenses of management which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been deductible by the transferor under sections 75 and 76 in computing profits for an accounting period following the period which ends with the day on which the transfer takes place shall, instead, be treated as expenses of management of the transferee

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(and deductible in accordance with those sections, as modified in the case of acquisition expenses by section 86(6) to (9) of the Finance Act 1989 and in the case of expenses to which subsection (6) or (7) of section 87 of that Act applies by that subsection).

- (3) Any loss which (assuming the transferor had continued to carry on the business transferred after the transfer)—
- (a) would have been available under section 436(3)(c) to be set off against profits of the transferor for the accounting period following that which ends with the day on which transfer takes place, or
 - (b) where in connection with the transfer the transferor also transfers the whole or part of any overseas life assurance business, would have been so available under section 441(4)(b),
- shall, instead, be treated as a loss of the transferee (and available to be set off against profits of the same class of business as that in which it arose).
- (4) Where acquisition expenses are treated as expenses of management of the transferee by virtue of subsection (2) above, the amount deductible for the first accounting period of the transferee ending after the transfer takes place shall be calculated as if that accounting period began with the day after the transfer.
- (5) Where the transfer is of part only of the transferor's long term business, subsection (2) or (3) above shall apply only to such part of any amount to which it would otherwise apply as is appropriate.
- (6) Any question arising as to the operation of subsection (5) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and transferee shall be entitled to appear and be heard or to make representations in writing.
- (7) Subject to subsection (8) below, this section shall not apply unless the transfer is effected for bona fide commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of liability to corporation tax.
- (8) Subsection (7) above shall not affect the operation of this section in any case where, before the transfer, the Board have, on the application of the transferee, notified the transferee that the Board are satisfied that the transfer will be effected for bona fide commercial reasons and will not form part of any scheme or arrangements such as are mentioned in that subsection; and subsections (2) to (5) of section 88 of the 1979 Act shall have effect in relation to this subsection as they have effect in relation to subsection (1) of that section."

Capital allowances

F132 **5**

Annotations:

Amendments (Textual)

F132 [Sch. 9 para. 5](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

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Transfer to friendly society

- 6 In section 460 of the Taxes Act 1988, after subsection (10) there shall be inserted—
- “(10A) Where at any time there is a transfer of the whole or part of the long term business of an insurance company to a friendly society in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982, any life or endowment business which relates to contracts included in the transfer shall not thereafter be tax exempt life or endowment business for the purposes of this Chapter.”

Commencement

- 7 This Schedule shall apply to transfers of business taking place on or after 1st January 1990; and (subject to that) the amendment made by paragraph 5 of this Schedule shall apply in relation to accounting periods ending on or before 5th April 1990 as well as in relation to later accounting periods.

^{F133}SCHEDULE 10

Annotations:

Amendments (Textual)

F133 [Sch. 10](#) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of [Part IV](#) of the amending Act) by [1996 c. 8, ss. 104, 205, Sch. 14 para. 58, Sch. 41 Pt. V\(3\)](#) Note (with [Sch. 15 para. 21](#))

PART I

INTRODUCTION

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PART II

CHARGE TO TAX

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PART III

THE ISSUING COMPANY

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PART IV

AMENDMENTS

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PART V

APPLICATION OF SCHEDULE

.....

SCHEDULE 11

Section 69.

EUROPEAN ECONOMIC INTEREST GROUPINGS

Taxation

1 After section 510 of the Taxes Act 1988 there shall be inserted—

“510A European Economic Interest Groupings.

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985, whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) Subject to the following provisions of this section, for the purposes of charging tax in respect of income and gains a grouping shall be regarded as acting as the agent of its members.
- (3) In accordance with subsection (2) above—
 - (a) for the purposes mentioned in that subsection the activities of the grouping shall be regarded as those of its members acting jointly and each member shall be regarded as having a share of its property, rights and liabilities; and
 - (b) for the purposes of charging tax in respect of gains a person shall be regarded as acquiring or disposing of a share of the assets of the grouping not only where there is an acquisition or disposal of assets by the grouping while he is a member of it, but also where he becomes or ceases to be a member of a grouping or there is a change in his share of the property of the grouping.
- (4) Subject to subsection (5) below, for the purposes of this section a member’s share of any property, rights or liabilities of a grouping shall be determined in accordance with the contract under which the grouping is established.
- (5) Where the contract does not make provision as to the shares of members in the property, rights or liabilities in question a member’s share shall be determined by reference to the share of the profits of the grouping to which he is entitled under the contract (and if the contract makes no provision as to that, the members shall be regarded as having equal shares).
- (6) Subject to subsection (7) below, where any trade or profession is carried on by a grouping it shall be regarded for the purposes of charging tax in respect of income and gains as carried on in partnership by the members of the grouping.
- (7) Sections 111 and 114(4) shall not apply to the members of a grouping and section 112 shall have effect in relation to the members of a grouping as if the

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second reference in subsection (2) to the firm were a reference to the members and subsection (3) were omitted.

- (8) Notwithstanding subsection (7) above, where a trade or profession is carried on by a grouping, the amount on which the members are chargeable to income tax in respect of it shall be computed (but not assessed) jointly.”

Management

- 2 After section 12 of the ^{M62}Taxes Management Act 1970 there shall be inserted—

“ European Economic Interest Groupings

12A European Economic Interest Groupings.

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985 (“the Council Regulation”), whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) For the purposes of making assessments to income tax, corporation tax and capital gains tax on members of a grouping, an inspector may act under subsection (3) or (4) below.
- (3) In the case of a grouping which is registered in Great Britain or Northern Ireland or has an establishment registered in Great Britain or Northern Ireland, an inspector may by a notice given to the grouping require the grouping—
 - (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice.
- (4) In the case of any other grouping, an inspector may by a notice given to any member of the grouping resident in the United Kingdom, or if none is to any member of the grouping, require the member—
 - (a) to make and deliver to the inspector within the time limited by the notice a return containing such information as may be required in pursuance of the notice, and
 - (b) to deliver with the return such accounts and statements as may be required in pursuance of the notice,
 and a notice may be given to any one of the members concerned or separate notices may be given to each of them or to such of them as the inspector thinks fit.
- (5) Every return under this section shall include a declaration by the grouping or member making the return to the effect that the return is to the best of the maker’s knowledge correct and complete.
- (6) A notice under this section may require different information, accounts and statements for different periods, in relation to different descriptions of income or gains or in relation to different descriptions of member.

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- (7) Notices under this section may require different information, accounts and statements in relation to different descriptions of grouping.
- (8) Subject to subsection (9) below, where a notice is given under subsection (3) above, everything required to be done shall be done by the grouping acting through its manager or, where there is more than one, any of them; but where the manager of a grouping (or each of them) is a person other than an individual, the grouping shall act through the individual, or any of the individuals, designated in accordance with the Council Regulation as the representative of the manager (or any of them).
- (9) Where the contract for the formation of a grouping provides that the grouping shall be validly bound only by two or more managers acting jointly, any declaration required by subsection (5) above to be included in a return made by a grouping shall be given by the appropriate number of managers.”

Annotations:

Marginal Citations

M62 1970 c. 9.

- 3 (1) After section 98A of the ^{M63}Taxes Management Act 1970 there shall be inserted—

“98B European Economic Interest Groupings.

- (1) In this section “grouping” means a European Economic Interest Grouping formed in pursuance of Council Regulation (EEC) No. 2137/85 of 25th July 1985, whether registered in Great Britain, in Northern Ireland, or elsewhere.
- (2) Subject to subsections (3) and (4) below, where a grouping or member of a grouping required by a notice given under section 12A above to deliver a return or other document fails to comply with the notice, the grouping or member shall be liable—
 - (a) to a penalty not exceeding £300; and
 - (b) if the failure continues after a penalty is imposed under paragraph (a) above, to a further penalty or penalties not exceeding £60 for each day on which the failure continues after the day on which the penalty under paragraph (a) above was imposed (but excluding any day for which a penalty under this paragraph has already been imposed).
- (3) No penalty shall be imposed under subsection (2) above in respect of a failure at any time after the failure has been remedied.
- (4) If a grouping to which, or member to whom, a notice is given proves that there was no income or chargeable gain to be included in the return, the penalty under subsection (2) above shall not exceed £100.
- (5) Where a grouping or member fraudulently or negligently delivers an incorrect return, accounts or statement, or makes an incorrect declaration in a return delivered, under section 12A above, the grouping or member shall be liable to a penalty not exceeding £3000 multiplied by the number of members of the grouping at the time of delivery.”

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(2) In section 100(2) of that Act (penalties which are imposed by Commissioners), after paragraph (d) there shall be inserted “or

(e) section 98B(2)(a) above.”

Annotations:

Marginal Citations

M63 1970 c. 9.

4 (1) At the end of section 36 of the Taxes Management Act 1970 (extension of time for assessment in case of fraudulent or negligent conduct), there shall be added—

“(4) Any act or omission such as is mentioned in section 98B below on the part of a grouping (as defined in that section) or member of a grouping shall be deemed for the purposes of subsection (1) above to be the act or omission of each member of the grouping.”

(2) At the end of section 40 of that Act (extension of time for assessment in case of fraudulent or negligent conduct of person who has died), there shall be added—

“(4) Any act or omission such as is mentioned in section 98B below on the part of a grouping (as defined in that section) or member of a grouping shall be deemed for the purposes of subsection (2) above to be the act or omission of each member of the grouping.”

Commencement

5 This Schedule shall be deemed to have come into force on 1st July 1989.

SCHEDULE 12

Section 80.

BROADCASTING: TRANSFER OF UNDERTAKINGS OF INDEPENDENT
 BROADCASTING AUTHORITY AND CABLE AUTHORITY

Transfer of IBA's transmission activities to nominated company: corporation tax

1 (1) Subject to sub-paragraph (2), the following provisions shall apply for the purposes of the Corporation Tax Acts, namely—

- (a) the part of the trade carried on by the IBA which is transferred to the nominated company under the Broadcasting Act 1990 (“the principal Act”) shall be treated as having been, at the time when it began to be carried on by the IBA and at all times since that time, a separate trade carried on by that company;
- (b) the trade carried on by that company after the transfer date shall be treated as the same trade as that which, by virtue of paragraph (a) above, it is treated as having carried on before that date;
- (c) all property, rights and liabilities of the IBA which are transferred under the principal Act to that company shall be treated as having been, at the time when they became vested in the IBA and at all times since that time, property, rights and liabilities of that company; and

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- (d) anything done by the IBA in relation to any such property, rights and liabilities as are mentioned in paragraph (c) above shall be deemed to have been done by that company.
- (2) There shall be apportioned between the IBA and the nominated company—
 - (a) the unallowed tax losses of the IBA, and
 - (b) any expenditure which they have incurred before the transfer date and by reference to which capital allowances may be made,
 in such manner as is just and reasonable having regard—
 - (i) to the extent to which such losses and expenditure are attributable to the part of the trade carried on by them which is transferred to that company under the principal Act, and
 - (ii) as respects the apportionment of such expenditure, to the division of their assets between the relevant transferees which is effected under that Act.
- (3) In this paragraph—
 - “the IBA’s final accounting period” means the last complete accounting period of the IBA ending before the transfer date;
 - “unallowed tax losses” means losses, allowances or amounts which, as at the end of the IBA’s final accounting period, are tax losses within the meaning given by section 400(2) of the Taxes Act 1988, excluding losses which are allowable capital losses within the meaning of paragraph 6 below.
- (4) This paragraph shall have effect in relation to accounting periods beginning after the IBA’s final accounting period.

Transfer of IBA’s assets to Commission and Radio Authority: chargeable gains

- 2 (1) For the purposes of the [^{F140}108 of the Taxation of Chargeable Gains Act 1992] the transfer under the principal Act of any asset from the IBA to the Commission or the Radio Authority shall be deemed to be for a consideration such that no gain or loss accrues to the IBA; and Schedule [^{F140}2] to that Act (assets held on 6th April 1965) shall have effect in relation to an asset so transferred as if the acquisition or provision of it by the IBA had been the acquisition or provision of it by the Commission or (as the case may be) by the Authority.

^{F141}(2)

- (3) Where the benefit of any debt in relation to which the IBA are, for the purposes of section [^{F140}251 of the 1992] Act (debts), the original creditor is transferred under the principal Act to the Commission or the Radio Authority, the Commission or (as the case may be) the Radio Authority shall be treated for those purposes as the original creditor in relation to the debt in place of the IBA.

Annotations:

Amendments (Textual)

F140 Words in [Sch. 12 para. 2\(1\)\(3\)](#) substituted (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the substituting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch. 10 para. 22\(5\)\(a\)](#) (with ss. 60, 101(1), 201(3)).

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F141 Sch. 12 para. 2(2) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

Disposal by IBA of DBS assets to DBS programme contractor: chargeable gains

- 3** (1) For the purposes of the 1979 Act the disposal under the principal Act of any relevant asset by the IBA to a DBS programme contractor shall be deemed to be for a consideration such that no gain or loss accrues to the IBA.
- (2) In this paragraph—
- (a) “relevant asset” means any equipment or other asset (of whatever description) which has been used or held by the IBA in connection with the transmission of DBS services; and
 - (b) “DBS programme contractor” and “DBS service” have the meaning given by section 37(3) of the ^{M64}Cable and Broadcasting Act 1984.

Annotations:

Marginal Citations

M64 1984 c. 46.

Transfer of Cable Authority’s assets to Commission: chargeable gains

- 4** For the purposes of the [^{F142}1992] Act the transfer by the principal Act of any asset from the Cable Authority the Commission shall be deemed to be for a consideration such that no gain or loss accrues to that Authority.

Annotations:

Amendments (Textual)

F142 Words in Sch. 12 paras. 4-6 substituted (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the substituting Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch. 10 para. 22(5)(b)** (with ss. 60, 101(1), 201(3)).

Transfer of shares from Commission to Channel 4 company: chargeable gains

- 5** (1) For the purposes of the [^{F143}1992] Act the transfer by the principal Act of shares in the Channel 4 company from the Commission to the Channel Four Television Corporation shall be deemed to be for a consideration such that no gain or loss accrues to the Commission.
- (2) In sub-paragraph (1) “the Channel 4 company” means the body corporate referred to in section 12(2) of the ^{M65}Broadcasting Act 1981.

Annotations:

Amendments (Textual)

F143 Words in Sch. 12 paras. 4, 5, 6 substituted (6.3.1992 as mentioned in s. 289 (1)(2) of the substituting Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch. 10 para. 22(5)(b)** (with ss. 60, 101(1), 201(3)).

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Marginal Citations

M65 1981 c. 68.

Apportionment of unallowed capital losses between relevant transferees

- 6** (1) The unallowed capital losses of the IBA shall be apportioned between the relevant transferees in such manner as is just and reasonable having regard to the purposes, or principal purposes, for which the relevant assets were respectively used or held by the IBA and the activities which are to be carried on by those transferees respectively as from the transfer date.
- (2) Any unallowed capital losses of the IBA which are apportioned to one of the relevant transferees under sub-paragraph (1) shall be treated as allowable capital losses accruing to that transferee on the disposal of an asset on the transfer date.
- (3) In this paragraph—
- “allowable capital losses” means losses which are allowable for the purposes of the [F144 1992] Act;
- “relevant assets”, in relation to unallowed capital losses of the IBA, means the assets on whose disposal by the IBA those losses accrued;
- “unallowed capital losses”, in relation to the IBA, means allowable capital losses which have accrued to the IBA before the transfer date, in so far as they have not been allowed as deductions from chargeable gains.

Annotations:

Amendments (Textual)

F144 Words in [Sch. 12 paras. 4, 5, 6](#) substituted (6.3.1992 as mentioned in s. 289 (1)(2) of the substituting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), s. 290, Sch. 10 para. 22\(5\)\(b\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#)).

Roll-over relief in connection with nominated company

- 7** Where the IBA have before the transfer date disposed of (or of their interest in) any assets used, throughout the period of ownership, wholly or partly for the purposes of the part of their trade transferred to the nominated company under the principal Act, sections [F145 152 to 156 of the 1992] Act (roll-over relief on replacement of business assets) shall have effect in relation to that disposal as if the IBA and the nominated company were the same person.

Annotations:

Amendments (Textual)

F145 Words in [Sch. 12 paras. 7](#) substituted (6.3.1992 as mentioned in s. 289 (1)(2) of the substituting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), s. 290, Sch. 10 para. 22\(5\)\(c\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#)).

Disputes as to apportionments etc.

- 8** (1) This paragraph applies where any apportionment or other matter arising under the foregoing provisions of this Schedule appears to be material as respects the liability to tax (for whatever period) of two or more relevant transferees.

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- (2) Any question which arises as to the manner in which the apportionment is to be made or the matter is to be dealt with shall be determined, for the purposes of the tax of both or all of the relevant transferees concerned—
 - (a) in a case where the same body of General Commissioners have jurisdiction with respect to both or all of those transferees, by those Commissioners, unless those transferees agree that it shall be determined by the Special Commissioners;
 - (b) in a case where different bodies of Commissioners have jurisdiction with respect to those transferees, by such of those bodies as the Board may direct, unless those transferees agree that it shall be determined by the Special Commissioners; and
 - (c) in any other case, by the Special Commissioners.
- (3) The Commissioners by whom the question falls to be determined shall make the determination in like manner as if it were an appeal except that both or all of the relevant transferees concerned shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.

Securities of nominated company

- 9 (1) Any share issued by the nominated company to the Secretary of State in pursuance of the principal Act shall be treated for the purposes of the Corporation Tax Acts as if it had been issued wholly in consideration of a subscription paid to that company of an amount equal to the nominal value of the share.
- (2) Any debenture issued by the nominated company to the Secretary of State in pursuance of the principal Act shall be treated for the purposes of the Corporation Tax Acts as if it had been issued—
 - (a) wholly in consideration of a loan made to that company of an amount equal to the principal sum payable under the debenture; and
 - (b) wholly and exclusively for the purposes of the trade carried on by that company.

Interpretation

- 10 (1) In this Schedule—

[^{F146} “the 1992 Act” means the Taxation of Chargeable Gains Act 1992]
 “the Commission” means the Independent Television Commission;
 “the IBA” means the Independent Broadcasting Authority;
 “the nominated company” and “the transfer date” have the same meaning as in the provisions of the principal Act relating to the transfer of the undertakings of the IBA and the Cable Authority;
 “the principal Act” means the Broadcasting Act 1990;
 “the relevant transferees” means the Commission, the Radio Authority and the nominated company.
- (2) References in this Schedule to things transferred under the principal Act are references to things transferred in accordance with a scheme made under that Act.

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Annotations:

Amendments (Textual)

F146 Definition in Sch. 12 para. 10 substituted (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the substituting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, **Sch. 10 para. 22(5)(d)** (with ss. 60, 101(1), 201(3)).

SCHEDULE 13

Section 88.

CAPITAL ALLOWANCES: MISCELLANEOUS AMENDMENTS

Hotels in enterprise zones: initial allowances

F147 **1**

Annotations:

Amendments (Textual)

F147 [Sch. 13 paras. 1-6](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2](#), s. 580, **Sch. 4**

Scientific research allowance: writing off of expenditure

F148 **2**

Annotations:

Amendments (Textual)

F148 [Sch. 13 paras. 1-6](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2](#), s. 580, **Sch. 4**

Disposal value of machinery or plant after succession to trade

F149 **3**

Annotations:

Amendments (Textual)

F149 [Sch. 13 paras. 1-6](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2](#), s. 580, **Sch. 4**

Non-resident companies: use of allowances

F150 **4**

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Annotations:

Amendments (Textual)

F150 Sch. 13 paras. 1-6 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 680, Sch. 4

Contributions: machinery and plant

F151 5

Annotations:

Amendments (Textual)

F151 Sch. 13 paras. 1-6 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

Sale of machinery or plant

F152 6

Annotations:

Amendments (Textual)

F152 Sch. 13 paras. 1-6 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

Assured tenancies allowance

- 7 (1) In section 832(1) of the Taxes Act 1988, in the definition of “the Capital Allowances Acts”, the words “, but excluding Part III of that Act” shall be omitted.
- (2) This paragraph shall apply for chargeable periods beginning on or after 6th April 1990.

SCHEDULE 14

Section 89.

AMENDMENTS CORRECTING ERRORS IN THE TAXES ACT 1988

PART I

AMENDMENTS OF THE TAXES ACT 1988

- 1 The Taxes Act 1988 shall have effect, and shall be deemed always to have had effect, subject to the amendments made by this Part of this Schedule.
- 2 In section 37(1)—
- F153** (a)

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- (b)
- (c) for the words “the amount of that tax” there shall be substituted the words “that amount”.

Annotations:

Amendments (Textual)

F153 [Sch. 14 para. 2\(a\)\(b\)](#) repealed (31.7.1998 with effect in accordance with section 38(2) and (3) of the amending Act) by [1998 c. 36, s. 165, Sch. 27 Pt. III\(4\)](#) Note

- 3** In section 213(6), for “(3)(1)(a)” there shall be substituted “(3)(a)”.
- 4** (1) In sections 322(1)(a) and (2) and 323(1), after the words “a British Dependent Territories citizen” there shall be inserted the words “, a British National (Overseas)”.
- (2) In section 323(7), after the words “British Dependent Territories citizens” there shall be inserted the words “, British Nationals (Overseas)”.
- 5** In section 326(2)(a), for the words from “12” to “1969” there shall be substituted the words “ 11 of the ^{M66}National Debt Act 1972”.

Annotations:

Marginal Citations

M66 [1972 c. 65](#).

F154⁶

Annotations:

Amendments (Textual)

F154 [Sch. 14 para. 6](#) repealed (27.7.1999 with effect in relation to any payment of interest falling within [s. 38\(3\)\(4\)](#) of the amending Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(7\)](#) Note 4

F155⁷

Annotations:

Amendments (Textual)

F155 [Sch. 14 para. 7](#) repealed(for losses incurred in accounting periods ending on or after 01.04.1991) by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 123, Sch. 19 Pt.V](#) Note 4.

- 8** In section 478(3), for the words “section (2)” there shall be substituted the words “subsection (2)”.
- 9** In section 751(1)(a), for the words “the persons” there shall be substituted the word “persons”.
- 10** In section 757(7), before the words “the earliest date” there shall be inserted the words “any time on or after”.
- 11** In section 761(1), for the words “and Schedule” there shall be substituted the words “or Schedule”.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

F156 12

Annotations:

Amendments (Textual)

F156 Sch. 14 para. 12 repealed (31.7.1998 with effect as mentioned in s. 108(5) of the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(25) Note

F157 13

Annotations:

Amendments (Textual)

F157 Sch. 14 para. 13 repealed (27.7.1999 with effect as mentioned in s. 91 of the repealing Act) by 1999 c. 16, ss. 93, 139, Sch. 20 Pt. III(19) Note

PART II

AMENDMENTS OF OTHER ENACTMENTS

The Taxes Management Act 1970 (c. 9)

- 14** In section 31(3) of the Taxes Management Act 1970, for the words “Part XV or XVI” there shall be substituted the words “any of sections 660 to 685 and 695 to 702”.
- 15** In section 98 of that Act, in the first column of the Table, in the entry relating to Schedule 9 to the Taxes Act 1988, for the words “paragraphs 6 and 25” there shall be substituted the words “paragraph 6”.

The Oil Taxation Act 1975 (c. 22)

- 16** In paragraph 5(2) of Schedule 3 to the Oil Taxation Act 1975, for the words “section 17 of this Act” and the words “the said section 17” there shall be substituted the words “section 500 of the Taxes Act”.

The Capital Gains Tax Act 1979 (c. 14)

F158 17

Annotations:

Amendments (Textual)

F158 Sch. 14 para. 17 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, Sch. 12 (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

The Finance Act 1981 (c. 35)

F159 18

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:

Amendments (Textual)

F159 Sch. 14 paras. 18 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

Commencement

- 19** (1) Subject to the following provisions of this paragraph, the amendments made by this Part of this Schedule shall be treated for the purposes of their commencement as if they had been made by the Taxes Act 1988.

F160 (2)

(3)

(4)

Annotations:

Amendments (Textual)

F160 Sch. 14 paras. 19(2)(3)(4) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

F161 SCHEDULE 15

Annotations:

Amendments (Textual)

F161 Sch. 15 repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed day within the meaning of section 117 of the amending Act) by 1998 c. 36, ss. 117, 165, **Sch. 27 Pt. III(28)** Note

F162 SCHEDULE 16

Annotations:

Amendments (Textual)

F162 Sch. 16 repealed (31.7.1998 with effect in relation to accounting periods ending on or after the self-assessment appointed say within the meaning of section 117 of the amending Act) by 1998 c. 36, ss. 117, 165, **Sch. 27 Pt. III(28)** Note

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

F163SCHEDULE 17

Annotations:

Amendments (Textual)

F163 Sch. 17 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

Introductory

1

Industrial buildings and structures

2

Machinery and plant: general

3

4

5

6

Machinery and plant: ships

7

8

Machinery and plant: leased assets and inexpensive cars

9

10

11

12

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

13

Machinery and plant: supplementary

14

15

SCHEDULE 18

Section 127.

DEFINITION OF “LOCAL AUTHORITY”

1 In section 74(4) of the ^{M68}Finance Act 1952 for “519” there shall be substituted “842A”.

Annotations:

Marginal Citations

M68 1952 c. 33.

2 Section 52 of the ^{M69}Finance Act 1974 shall cease to have effect.

Annotations:

Marginal Citations

M69 1974 c. 30.

^{F164}3

Annotations:

Amendments (Textual)

F164 [Sch. 18 para. 3](#) repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, [101\(1\)](#), [201\(3\)](#), [Sch. 11 paras. 22, 26\(2\), 27](#)).

4 In section 272 of the ^{M70}Inheritance Tax Act 1984, in the definition of “local authority”, for “519” there shall be substituted “842A”.

Annotations:

Marginal Citations

M70 1984 c. 51.

5 (1) The Taxes Act 1988 shall be amended as follows.

(2) Section 519(4) shall cease to have effect.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 19

Section 132.

REPEALS

PART I

CUSTOMS AND EXCISE

$$\frac{A \times C \times 110}{B \times D \times 100}$$
$$\frac{A \times B}{100} - C$$

PART II

VEHICLES EXCISE DUTY

$$D \times \frac{E}{F}$$

2. The repeals in Schedule 4 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972, the repeal in the Finance Act 1983 and the repeal of paragraph 9 of Schedule 2 to the Finance Act 1985 have effect in relation to licences taken out after 30th September 1990.
3. The remaining repeals have effect in relation to licences taken out after 20th March 1990.

PART III

VALUE ADDED TAX

Chapter	Short title	Extent of repeal
1983 c. 55.	The Value Added Tax Act 1983.	Section 22. Section 33(1A). In Schedule 6, in Group 4, Note (3).
1985 c. 54.	The Finance Act 1985.	In section 13(2), the word “and” at the end of paragraph (b). Section 18(4) and (5). Section 32.
1987 c. 16.	The Finance Act 1987.	Section 14(4) and (5). In Schedule 2, paragraph 3.

1. The repeals of section 22 of the Value Added Tax Act 1983 and section 32 of the Finance Act 1985 have effect in relation to supplies made after the day on which this Act is passed.

2. The repeal of section 18(4) and (5) of that Act has effect in relation to assessments made on or after the day on which this Act is passed.

3. The repeals of section 33(1A) of the Value Added Tax Act 1983 and the repeals in the Finance Act 1987 have effect in relation to persons who become liable to be registered after 20th March 1990.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Chapter	Short title	Extent of repeal
1969 c. 32.	The Finance Act 1969.	Section 52.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 272(1)(a), the words “, subject to section 280(7) below,”.
1974 c. 30.	The Finance Act 1974.	Section 52.
1975 c. 45.	The Finance (No.2) Act 1975.	In section 58(10), the definition of “trading stock”.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 257C(4). In section 339, in subsection (2) the words “and is not a close company” and subsection (5). In section 349(3)(d), the words “or 479(1)”.

Chapter	Short title	Extent of repeal
		<p>In section 431(2), the definitions of “policy holders’ fraction” and “shareholders’ fraction”.</p> <p>In section 439, in subsection (7)(b), the words “(subject to subsection (8) below)” and subsection (8).</p> <p>Section 445(6).</p> <p>Section 446(4).</p> <p>Section 468(5).</p> <p>Sections 468A to 468D.</p> <p>Sections 476 and 477.</p> <p>Sections 479 and 480.</p> <p>In section 481, in subsection (1) the words “sections 479 and 480”, in subsection (2) paragraphs (d) and (e), and in subsection (6) the words “479(2) to (7), 480”.</p> <p>In section 482, in subsection (1) the words “479, 480 and” and in subsection (6) the words from “In relation” to the end.</p> <p>In section 483, subsections (1) to (3) and (5).</p> <p>Section 519(4).</p> <p>Section 659.</p> <p>Section 686(5).</p> <p>In section 687(3) the words following paragraph (i).</p> <p>Section 724(2).</p> <p>In section 772(8), the words “or, in Northern Ireland, to a county court”.</p> <p>In section 832(1), in the definition of “the Capital Allowances Acts”, the words “, but excluding Part III of that Act”.</p> <p>In Schedule 25, paragraph 2(1)(c) and the word “and” immediately following it and paragraph 4(1)(c) and the word “and” immediately following it.</p>
1988 c. 39.	The Finance Act 1988.	<p>In Schedule 4, paragraph 13(3).</p> <p>In Schedule 8, in paragraph 1(3), the word “and” at the end of paragraph (f).</p>
1989 c. 26.	The Finance Act 1989.	<p>Sections 78 and 79.</p> <p>In Schedule 8, paragraphs 1, 3(3) and 7.</p>

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
1990 c. 1.	The Capital Allowances Act 1990.	In Schedule 11, in paragraph 2(13)(d), the words "before 9th June 1989". Section 149(2). In section 161(10), the words "and of subsection (8)".
1990 c. 19.	The National Health Service and Community Care Act 1990.	Section 61(2).

1. The repeal in the Income and Corporation Taxes Act 1970 applies to disposals on or after 20th March 1990.

2. The repeals of section 52 of the Finance Act 1974 and section 519(4) of the Income and Corporation Taxes Act 1988 are deemed to have come into force on 1st April 1990.

3. The repeals in the Finance (No.2) Act 1975 and in sections 439, 445 and 446 of the Income and Corporation Taxes Act 1988 have effect in accordance with Schedule 6 to this Act.

4. The repeal in section 339(2) of the Income and Corporation Taxes Act 1988 has effect in relation to payments made on or after 1st October 1990.

5. The repeal of section 339(5) of the Income and Corporation Taxes Act 1988 has effect in relation to accounting periods ending on or after 1st October 1990.

6. The repeal in section 431(2) of that Act and the repeal of paragraphs 1 and 3(3) of Schedule 8 to the Finance Act 1989 are deemed always to have had effect.

7. The repeal of sections 468(5) and 468A to 468D of the Income and Corporation Taxes Act 1988, and of sections 78 and 79 of the Finance Act 1989, have effect in accordance with section 52 of this Act.

8. The repeals of section 476 (apart from the repeal in subsection (4) of the words from the beginning to "affecting" and the words "and that paragraph") and sections 477, 479 and 480 of the Income and Corporation Taxes Act 1988, and the repeals in sections 349, 481, 482, 483, 686 and 687 of that Act, have effect in accordance with Schedule 5 to this Act.

9. The repeal of section 659 of the Income and Corporation Taxes Act 1988 has effect in accordance with section 81 of this Act.

10. The repeal in section 772 of that Act does not affect any proceedings instituted before 3rd April 1989.

11. The repeals in section 832 of that Act and section 149 of the Capital Allowances Act 1990 apply for chargeable periods beginning on or after 6th April 1990.

12. The repeals in Schedule 25 to the Income and Corporation Taxes Act 1988 apply to dividends paid on or after 20th March 1990.

13. The repeal in Schedule 4 to the Finance Act 1988 applies where the valuation date is on or after 20th March 1990.

14. The repeal of paragraph 7 of Schedule 8 to the Finance Act 1989 applies for accounting periods beginning on or after 1st January 1990.

15. The repeal in Schedule 11 to that Act has effect in accordance with section 58 of this Act.

16. The repeal in section 161(10) of the Capital Allowances Act 1990 applies in relation to a sale of an asset when both the time of completion and the time when possession of the asset is given are on or after 6th April 1990.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART V

MANAGEMENT

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 11, subsection (7) and, in subsection (8), the words from "or different" to the end. In section 12(4), the words "of income of a partnership". In section 17(1), paragraph (a) of the proviso.
1971 c. 68.	The Finance Act 1971.	In Schedule 6, paragraph 82.
1972 c. 41.	The Finance Act 1972.	In Schedule 24, paragraph 4.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 7(2), the words from "and accordingly" to the end. In section 11(3), the words from "and accordingly" to the end. In section 393(11), the words from the beginning to "of six years; and". Section 396(3). In Schedule 29, paragraph 4, and in the Table in paragraph 32 the entries relating to sections 8(8) and (9) and 9(4) of the Taxes Management Act 1970.
1990 c. 1.	The Capital Allowances Act 1990.	In section 1(5), the words "as it applies for income tax purposes" and the words from "and" to the end. In section 22, in subsection (8) the words "disclaimer or" and subsection (9). In section 23, in subsection (1) the words "by a person other than a company", the words from "and a" to "an allowance," and, in paragraphs (b) and (c), the words "or deduction" and in subsection (2) the words "other than a company" and the words from "or a" to "company,".

Status: This version of this Act contains provisions that are prospective.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
		<p>In section 24, in subsection (3) the words "in connection with a trade carried on by a person other than a company" and subsection (4).</p> <p>In section 25, in subsection (1)(a)(ii) the words from "in the case of a person" to "of a company", subsection (2), in subsection (3) the words "but not being a company," and in subsection (4), in paragraph (a), the words "(whether a company or not)" and, in paragraph (b), the words "in the case of a person other than a company,".</p> <p>In section 30(1)(a), the words "or, in the case of a company, disclaim it".</p> <p>In section 41(3), the words "or is disclaimed under subsection (4) of that section", the words "or under subsection (4)" and the words "or as disclaimed".</p> <p>In section 46(6), the words "or was disclaimed".</p> <p>In section 47(6)(a), the words "or was disclaimed".</p> <p>In section 48(1), the words "by a person other than a company" and the words from "and a" to "allowance".</p> <p>In section 49(2), the words "other than a company" and the words from "or a" to "company,".</p> <p>In section 79(6), the words "or is disclaimed under subsection (4) of that section", the words "or (4)" and the words "or as disclaimed".</p> <p>In section 80(6), the words "or is disclaimed under subsection (4) of that section", the words "or (4)" and the words "or as disclaimed".</p>

1. The repeals in section 11 of the Taxes Management Act 1970 have effect in accordance with section 91 of this Act.

2. The repeals in section 12 of the Taxes Management Act 1970, the Finance Act 1971, the Finance Act 1972 and Schedule 29 to the Income and Corporation Taxes Act 1988 have effect in accordance with section 90 of this Act.

3. The repeal in section 17 of the Taxes Management Act 1970 has effect as regards a case where interest is paid or credited in the year 1991–92 or a subsequent year of assessment.

4. The repeals in sections 7 and 11 of the Income and Corporation Taxes Act 1988 have effect in relation to income tax falling to be set off against corporation tax for accounting periods ending after the day appointed for the purposes of section 10 of that Act.

5. The repeals in sections 393 and 396 of that Act apply in relation to accounting periods ending after that day.

6. The remaining repeals have effect in relation to allowances and charges falling to be made for chargeable periods ending after that day.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART VI

STAMP DUTY

Chapter	Short title	Extent of repeal
1891 c. 39.	The Stamp Act 1891.	In section 59(1), the words "or stock, or marketable securities,". Section 83. Section 109(1). In Schedule 1, the whole of the heading beginning "Bearer Instrument", and paragraph (1) of the general exemptions at the end of the Schedule.
1899 c. 9.	The Finance Act 1899.	Section 5(2).
1946 c. 64.	The Finance Act 1946.	Section 54(3) and (4). Section 56. Section 57(2) to (4).
1946 c. 17 (N.I.).	The Finance (No.2) Act (Northern Ireland) 1946.	Section 25(3) and (4). Section 27. Section 28(2) to (4).
1947 c. 35.	The Finance Act 1947.	Section 57.
1948 c. 49.	The Finance Act 1948.	Section 74.
1950 c. 32 (N.I.).	The Finance (No.2) Act (Northern Ireland) 1950.	Section 3(1).
1951 c. 43.	The Finance Act 1951.	Section 42.
1963 c. 18.	The Stock Transfer Act 1963.	In section 2(3), in paragraph (a) the words "and section 56(4) of the Finance Act 1946", and paragraph (c) and the word "and" immediately preceding it.
1963 c. 25.	The Finance Act 1963.	Section 55(1A).

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
1963 c. 22 (N.I.).	The Finance Act (Northern Ireland) 1963.	In section 59, subsections (1) to (4). Section 60. Section 61. In section 62, in subsection (1) the words from “and any” to the end, and subsection (4). Section 65(1). Section 67. Section 4(1A). In section 8, subsections (1) to (4). Section 9. Section 10. In section 11, in subsection (1) the words from “and any” to the end, and subsection (3). Section 14(1). Section 16.
1963 c. 24 (N.I.).	The Stock Transfer Act (Northern Ireland) 1963.	In section 2(3), in paragraph (a) the words “and section 27(4) of the Finance (No.2) Act (Northern Ireland) 1946”, and paragraph (c) and the word “and” immediately preceding it.
1967 c. 54.	The Finance Act 1967.	Section 30.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	Section 7.
1970 c. 24.	The Finance Act 1970.	Section 33. In Schedule 7, paragraph 6.
1970 c. 21 (N.I.).	The Finance Act (Northern Ireland) 1970.	In Schedule 2, paragraph 6.
1974 c. 30.	The Finance Act 1974.	In Schedule 11, paragraphs 2 and 12.
1975 c. 80.	The OECD Support Fund Act 1975.	Section 4(2).
1976 c. 40.	The Finance Act 1976.	In section 127, subsections (1) and (4) to (7). Section 131(3).
1980 c. 48.	The Finance Act 1980.	Section 101.
1984 c. 43.	The Finance Act 1984.	Section 126(3)(c) and (5).
1985 c. 6.	The Companies Act 1985.	In Schedule 14, in paragraph 8 the words from “and, unless” to the end.
1985 c. 54.	The Finance Act 1985.	Section 81.
1986 c. 41.	The Finance Act 1986.	Section 64(1). Sections 65 to 72. Section 77.

Status: This version of this Act contains provisions that are prospective.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
S.I. 1986/1032 (N.I.6).	The Companies (Northern Ireland) Order 1986.	In section 79, subsections (2) to (8), and in subsection (12) the words "(7), (9),". Sections 80 to 85.
1987 c. 16.	The Finance Act 1987.	Sections 50 to 53.
1987 c. 51.	The Finance (No.2) Act 1987.	Section 99.
1988 c. 39.	The Finance Act 1988.	Section 143. In Schedule 13, paragraph 19.
1989 c. 26.	The Finance Act 1989.	Sections 174 and 175.

1. So far as these repeals relate to bearer instruments, they have effect in accordance with section 107 of this Act.

2. So far as these repeals relate to instruments other than bearer instruments, they have effect in accordance with section 108 of this Act.

3. So far as these repeals relate to—

(a) any provision mentioned in subsection (1), (2), (3), (4) or (5) of section 109 of this Act, or

(b) any other provision to the extent that it is ancillary to or dependent on any provision so mentioned,

the repeals have effect in accordance with the subsection concerned.

4. So far as these repeals relate to—

(a) any provision mentioned in section 109(6) of this Act, or

(b) any other provision to the extent that it is ancillary to or dependent on any provision so mentioned,

the repeals have effect in accordance with any order under section 109(7) of this Act.

5. Paragraphs 1 and 2 above have effect subject to paragraphs 3 and 4 above.

PART VII

STAMP DUTY RESERVE TAX

Chapter	Short title	Extent of repeal
1986 c. 41.	The Finance Act 1986.	Part IV.
1987 c. 16.	The Finance Act 1987.	Section 56. Schedule 7.
1987 c. 51.	The Finance (No. 2) Act 1987.	Section 100.
1988 c. 39.	The Finance Act 1988.	Section 144. In Schedule 13, paragraph 23.
1989 c. 26.	The Finance Act 1989.	Sections 176 and 177.

These repeals have effect in accordance with section 110 of this Act.

PART VIII

NATIONAL SAVINGS

Chapter	Short title	Extent of repeal
1972 c. 65.	The National Debt Act 1972.	Section 5(3)(b).

Status:

This version of this Act contains provisions that are prospective.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1990. Any changes that have already been made by the team appear in the content and are referenced with annotations.

Changes and effects yet to be applied to the whole Act, associated Parts and Chapters:

- Act by [2002 c. 23](#)
- [S.I. 2003/88](#) commences (2002 c. 23)
- [S.I. 2005/1523](#) commences (1995 c. 4)
- [S.I. 2009/404](#) commences (2008 c. 9)
- [S.I. 2010/867](#) commences (2009 c. 10)
- Act applied by [2006 c. 36](#)
- Act inserted by [2004 c. 12](#)
- Act inserted by [2006 c. 25](#)
- Act inserted by [2008 c. 9](#)
- Act omitted by [2008 c. 9](#)
- Act omitted by [2009 c. 10](#)
- Act omitted by [S.I. 2009/2035](#)
- Act omitted by [S.I. 2009/3054](#)
- Act repealed by [2003 c. 1](#)
- Act repealed by [2003 c. 14](#)
- Act repealed by [2004 c. 12](#)
- Act repealed by [2005 c. 22](#)
- Act repealed by [2005 c. 5](#)
- Act repealed by [2007 c. 11](#)
- Act repealed by [2007 c. 3](#)
- Act repealed by [2009 c. 4](#)
- Act repealed by [2010 c. 4](#)
- Act repealed by [2010 c. 8](#)
- Act repealed by [S.I. 2009/3001](#)
- Act substituted by [2005 c. 5](#)
- Act substituted for s. 108(1)-(6) by [2003 c. 14](#)
- Act substituted for s. 25(5E)-(5G) by [2005 c. 22](#)
- Act text amended by [2003 c. 1](#)
- Act text amended by [2003 c. 14](#)
- Act text amended by [2004 c. 12](#)
- Act text amended by [2005 c. 22](#)
- Act text amended by [2005 c. 5](#)
- Act text amended by [2006 c. 25](#)
- Act text amended by [2007 c. 11](#)
- Act text amended by [2007 c. 3](#)
- Act text amended by [2008 c. 9](#)
- Act text amended by [S.I. 2005/3229](#)
- Act text amended by 2007 c. 3 Sch. 3 (as amended) by [2007 c. 11](#)