



Finance Act 1973

1973 CHAPTER 51

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

10—^{F1}
31.

Textual Amendments

F1 Ss. 10–31 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

32 Information as to arrangements for transferring relief, etc.

(1) If a company—

- (a) makes a claim for group relief, or
- (b) being a party to a leasing contract, as defined in section [^{F2}395 of the Taxes Act 1988], claims relief as mentioned in subsection (1)(b) of that section, or
- (c) being a member of a partnership, either claims any relief which, if subsection (2) of section [^{F2}116 of that Act], applied in relation to it, it would not be entitled to claim, or makes a return which is treated as a claim by virtue of section [^{F2}239(5) of that Act], or
- (d) makes a claim under section [^{F2}240 of that Act] (surrender of advance corporation tax),

and the inspector has reason to believe that any relevant arrangements may exist, or may have existed at any time material to the claim, then at any time after the claim (or return) is made he may serve notice in writing on the company requiring it to furnish him, within such time being not less than thirty days from the giving of the notice as he may direct, with—

- (i) a declaration in writing stating whether or not any such arrangements exist or existed at any material time, or

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- (ii) such information as he may reasonably require for the purpose of satisfying himself whether or not any such arrangements exist or existed at any material time, or
 - (iii) both such a declaration and such information.
- (2) In this section “relevant arrangements”, in relation to a claim (including a return which is treated as a claim) falling within any of paragraphs (a) to (d) of subsection (1) above, means such arrangements as are referred to in that enactment which is specified in the corresponding paragraph below, that is to say,—
- [^{F3}(a) section 410(1) or (2) of or paragraph 5(3) of Schedule 18 to the Taxes Act 1988;
 - (b) section 395(1)(c) of that Act;
 - (c) section 116(1) of that Act;
 - (d) paragraph 5(3) of Schedule 18 to or section 240(11) of that Act].
- (3) In a case falling within paragraph (a) of subsection (1) above, a notice under that subsection may be served on the surrendering company, within the meaning of section [^{F2}402 of the Taxes Act], instead of or as well as on the company claiming relief.
- (4) In a case falling within paragraph (c) of subsection (1) above, a notice under that subsection may be served on the partners instead of or as well as on the company alone, and accordingly may require them, instead of or as well as the company, to furnish the declaration, information or declaration and information concerned.
- (5) ^{F4}
- (6) In this section, ^{F5}“arrangements” means arrangements of any kind, whether in writing or not.

Textual Amendments

F2 Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29**, para. 32

F3 [S. 32\(2\)\(a\)–\(d\)](#) substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29** para. 32.

F4 [S. 32\(5\)](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

F5 Words repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

33— ^{F6}

36.

Textual Amendments

F6 [Ss. 33–36](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

37 ^{F7}

Textual Amendments

F7 [S. 37](#) repealed by [Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#), s. 158, **Sch. 8**

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38 Territorial extension of charge to income tax, capital gains tax and corporation tax.

- (1) The territorial sea of the United Kingdom shall for all purposes of . . . ^{F8}, capital gains tax and . . . ^{F8} (including the following provisions of this section) be deemed to be part of the United Kingdom.
- (2) In this section and in Schedule 15 to this Act—
 - (a) “exploration or exploitation activities” means activities carried on in connection with the exploration or exploitation of so much of the seabed and subsoil and their natural resources as is situated in the United Kingdom or a designated area; and
 - (b) “exploration or exploitation rights” means rights to assets to be produced by exploration or exploitation activities or to interests in or to the benefit of such assets; and
 - (c) references to the disposal of exploration or exploitation rights include references to the disposal of shares deriving their value or the greater part of their value directly or indirectly from such rights, other than shares quoted on a recognised stock exchange (within the meaning of the Corporation Tax Acts); and
 - (d) “shares” includes stock and any security as defined in section ^{F9}254(1) of the Tax Act 1988; and
 - (e) “designated area” means an area designated by Order in Council under section 1(7) of the ^{M1}Continental Shelf Act 1964.
- (3) ^{F9}Any gains accruing on the disposal of exploration or exploitation rights] shall be treated for the purposes of ^{F10}the Capital Gains Tax Act 1979] as gains accruing on the disposal of assets situated in the United Kingdom.

^{F11}(3A) Gains accruing on the disposal of—

- (a) exploration or exploitation assets which are situated in a designated area, or
- (b) unquoted shares deriving their value or the greater part of their value directly or indirectly from exploration or exploitation assets situated in the United Kingdom or a designated area or from such assets and exploration or exploitation rights taken together,

shall be treated for the purposes of the Capital Gains Tax Act 1979 as gains accruing on the disposal of assets situated in the United Kingdom.

(3B) For the purposes of this section, an asset disposed of is an exploration or exploitation asset if either—

- (a) it is not a mobile asset and it is being or has at some time . . . ^{F12} been used in connection with exploration or exploitation activities carried on in the United Kingdom or a designated area; or
- (b) it is a mobile asset which ^{F13}has at some time] been used in connection with exploration or exploitation activities so carried on and is dedicated to an oil field in which the person making the disposal, or a person connected with him within the meaning of section ^{F9}839 of the Taxes Act 1988], is or has been a participant;

and expressions used in paragraphs (a) and (b) above have the same meaning as if those paragraphs were included in Part I of the Oil Taxation Act 1975.

(3C) In paragraph (b) of subsection (3A) above “unquoted shares” means shares other than those which are quoted on a recognised stock exchange (within the meaning

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of the Corporation Tax Acts); and references in subsections (4) and (5) below to exploration or exploitation assets include references to unquoted shares falling within that paragraph.]

- [^{F14}(4) Gains accruing to a person not resident in the United Kingdom on the disposal of exploration or exploitation rights or of exploration or exploitation assets shall, for the purposes of capital gains tax or corporation tax on chargeable gains, be treated as gains accruing on the disposal of assets used for the purposes of a trade carried on by that person in the United Kingdom through a branch or agency.

This subsection shall have effect in relation to gains accruing on disposals before 13th March 1984 with the omission of the words “exploration or exploitation assets”.]

- (5) In relation to exploration or exploitation rights [^{F15}or exploration or exploitation assets] disposed of by a company resident in a territory outside the United Kingdom to a company resident in the same territory or in the United Kingdom, sections 273 to 275 and 278 to 279 of [^{F9}the Taxes Act 1970] (transfer within group and company ceasing to be member of group) shall apply as if in section 272 of that Act (definition of “group” etc.) subsections (1)(a) and (2) were omitted.

- (6) ^{F16}

- (7) This section shall have effect for the purposes of income tax and capital gains tax for the year 1973-74 and subsequent years of assessment and for the purposes of corporation tax for the financial year 1973 and subsequent years.

- (8) Schedule 15 to this Act shall have effect for supplementing this section.

Textual Amendments

- F8** Words repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**
- F9** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29**, para. 32
- F10** Words substituted by [Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#), s. 157, **Sch. 7 para. 8**
- F11** [S. 38\(3A\)–\(3C\)](#) inserted by [Finance Act 1984 \(c. 43\)](#) s. 81(2) (in relation to disposals on or after 13th March 1984)
- F12** Words repealed (where assets are disposed of on or after 14.3.1989) by [Finance Act 1989 \(c. 26, SIF 63:1\)](#), ss. 130(1)(a)(2), 187(1), **Sch. 17 Pt. VII**, Note 1
- F13** Words substituted by [Finance Act 1989 \(c. 26, SIF 63:1\)](#), s. **130(1)(b)(2)**
- F14** [S. 38\(4\)](#) substituted by [Income and Corporation Taxes Act 1988 \(c.1, SIF 63:1\)](#), **Sch. 29 para. 12**
- F15** Words inserted by [Finance Act 1984 \(c. 43\)](#), s. **81(1)(2)(4)** (in relation to disposals after 13th March 1984)
- F16** [S. 38\(6\)](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

Modifications etc. (not altering text)

- C1** Definition applied in connection with certain transactions of petroleum companies by [Oil Taxation Act 1975 \(c. 22\)](#), **Sch. 9 para. 3** and company migration by [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#) s. 105.
- C2** Definition applied in connection with company migration by [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), s. **105**.
- C3** See [Taxes Management Act 1970 \(c. 9, SIF 63:1\)](#), s. **31(3)**: appeals against assessments made by virtue of this section, otherwise than under Sch.E, to go to Special Commissioners

Marginal Citations

- M1** 1964 c. 29.

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39, 40. **F17**

Textual Amendments

F17 Ss. 39, 40 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

41 **General Commissioners’ divisions.**

The boundaries of any division specified by an order made or having effect as if made under section 2(6) of the Taxes Management Act 1970 and in operation immediately before—

- (a) 1st April 1974, if the division is in England or Wales; and
- (b) 16th May 1975, if the division is in Scotland;

shall remain the same on and after that day as if there were then no change of local government areas (but without prejudice to the making of new orders under that section).

42 **F18**

Textual Amendments

F18 S. 42 repealed by [Finance Act 1976 \(c. 40\)](#), s. 49(2)(b), **Sch. 15 Pt. III**

43 **F19**

Textual Amendments

F19 S. 43 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

44 **F20**

Textual Amendments

F20 S. 44 repealed by [Finance Act 1987 \(c. 16\)](#), s. 72(7), **Sch. 16 Pt. VII.**

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