



Finance Act 1977

1977 CHAPTER 36

PART V

MISCELLANEOUS AND SUPPLEMENTARY

54 Petroleum revenue tax

(1) After paragraph 6 of Schedule 3 to the Oil Taxation Act 1975 there shall be inserted—

“Effect of certain transactions between participators

6A Where the whole or part of the share of a participator (" the transferor ") of oil won from an oil field became the share, or part of the share, of another participator (" the transferee ") in pursuance of an agreement between them under which the transferor undertook to remain responsible for carrying out the transferee's obligations in connection with the field so far as they relate to the transferred share or part, then, for the purposes of this Part of this Act—

- (a) the shares of the transferor and the transferee of oil won from the field shall be taken to be the same as they would have been if the transfer had not occurred, and
- (b) any oil comprised in the transferred share or part and taken up by or on the authority of the transferee in pursuance of the agreement shall be regarded as being disposed of and delivered to him by the transferor at the time when it is taken up.”.

(2) In the said paragraph 6, in sub-paragraph (1), for the words "another person (in this paragraph referred to as " the owner")" there shall be substituted the words " a person (in this paragraph referred to as " the owner ") who is not a participator and ".

55 Development land tax

Part III of Schedule 2 to the Development Land Tax Act 1976 (realised development value: provisions applicable to leases etc.) shall have effect, and be deemed always to have had effect, with the insertion, after paragraph 13, of the following paragraph:—

“13A (1) The provisions of this paragraph shall have effect where there is a part disposal consisting of the grant of a lease and the terms on which the lease is granted are such that—

- (a) the landlord enters into an obligation to bear the whole or part of the cost of certain works to be carried out after the date of the part disposal; and
- (b) the amount of the consideration for the lease is greater than it would have been if the landlord had not entered into that obligation.

(2) For the purpose only of determining the amount of the expenditure on improvements or, as the case may be, on relevant improvements to be taken into account in determining the relevant base value of the interest disposed of on the part disposal referred to in sub-paragraph (1) above,—

- (a) the works referred to in paragraph (a) of that sub paragraph shall be deemed to have been carried out immediately before the disposal; and
- (b) in the carrying out of those works the landlord shall be deemed to have incurred expenditure equal, subject to sub-paragraph (6) below, to the amount of expenditure for which he will become liable in complying with the obligation referred to in sub-paragraph (1)(a) above.

(3) If, in a case where this paragraph applies,—

- (a) the realised development value accruing to the chargeable person on the part disposal exceeds
- (b) the amount of realised development value which would have accrued to him if, instead of making the part disposal, he had disposed of his interest in the land in which the lease concerned subsists for a consideration equal to its market value on the date of the part disposal,

development land tax shall not be chargeable on the amount of the excess.

(4) Sub-paragraph (5) below shall apply if, in determining the relevant base value of the interest disposed of by the part disposal referred to in sub-paragraph (1) above,—

- (a) expenditure on relevant improvements is included in the aggregate amount which constitutes base A of that interest, and
- (b) the amount which, before the making of any reduction under paragraph 10 above, constitutes expenditure on relevant improvements consists of or includes an amount of expenditure which is deemed to have been incurred by virtue of subparagraph (2)(b) above, and
- (c) section 6 of this Act applies.

(5) In a case falling within sub-paragraph (4) above, for the purpose only of determining the amount of the further addition (if any) which, by virtue of section 5(1)(a)(v) of this Act, falls to be included in the aggregate amount

referred to in paragraph (a) of that sub-paragraph, the amount which, before the making of any reduction under paragraph 10 above, is the amount of expenditure on relevant improvements shall be reduced by deducting therefrom so much of that amount as consists of expenditure deemed to have been incurred by virtue of sub-paragraph (2)(b) above.

- (6) If the terms of the obligation referred to in subparagraph (1)(a) above do not quantify the amount of expenditure for which the landlord will become liable in complying with the obligation,—
- (a) the amount of expenditure which the landlord is deemed to have incurred by virtue of subparagraph (2)(b) above shall, in the first instance, be the amount for which the Board estimate that he might reasonably be expected to become liable in compliance with the obligation; and
 - (b) if it subsequently appears to the Board that the amount of expenditure actually incurred by the landlord in complying with the obligation differs from the amount estimated under paragraph (a) above, such adjustment, whether by way of an assessment or the discharge or repayment of tax or otherwise, shall be made as may be required in consequence.”

56 Annuities under Tithe Acts 1936 and 1951

The amount payable on 1st October 1977 on account of any annuity under the Tithe Acts 1936 and 1951 shall be double what it would be apart from this section; and as from 2nd October 1977 all annuities then charged under those Acts shall be extinguished.

57 National insurance surcharge

- (1) No charity within the meaning of section 360 of the Taxes Act shall be liable to pay the surcharge imposed by the National Insurance Surcharge Act 1976.
- (2) This section shall be deemed to have come into force on 6th April 1977.

58 Exchange control

- (1) In subsection (3) of section 30 of the Exchange Control Act 1947 (which restricts the making of loans of money or securities to bodies corporate which are resident in the scheduled territories but controlled by persons not so resident) for the words " any money, securities " there shall be substituted the words " any money or securities or any instrument to which subsection (3 A) of this section applies ".
- (2) After subsection (3) of the said section 30 there shall be inserted—

“(3A) Except with the permission of the Treasury, no body corporate resident in the scheduled territories which is by any means controlled (whether directly or indirectly) by persons resident outside the scheduled territories shall in the United Kingdom, and no body corporate resident in the United Kingdom which is so controlled shall outside the United Kingdom, issue, negotiate, transfer, renew or otherwise deal with any instrument to which this subsection applies; but a contravention of this subsection shall not affect the validity of any instrument or the rights of the parties to any transaction.

Status: This is the original version (as it was originally enacted).

- (3B) Subsection (3A) of this section does not apply to a banknote but, with that exception, applies to—
- (a) any bill of exchange (including a cheque), promissory note, certificate of deposit or similar instrument;
 - (b) any other instrument which confers or evidences a right (whether conditional or unconditional) to be paid or to obtain, or to draw on any person for, a sum of money with or without interest, being a right capable of being transferred by delivery of the instrument with or without endorsement; and
 - (c) any instrument (not being an instrument within paragraph (a) or (b) above) of a description which is for the time being prescribed for the purposes of this subsection,
- including any such instrument as aforesaid which is governed by the law of a country outside the United Kingdom.”
- (3) In section 42(1) of the said Act of 1947 (interpretation) for the definition of " securities " there shall be substituted the following definition (which incorporates the effect of section 55(1) of the Finance Act 1968)—
- “ securities ' means—
- (a) shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme and shares in an oil royalty;
 - (b) certificates of deposit;
 - (c) Government bills ; and
 - (d) any description of promissory notes which is for the time being prescribed for the purposes of this definition;”
- and there shall be inserted at the appropriate points in alphabetical order the definitions of " certificate of deposit " and " Government bill" set out in section 55(3) of the said Act of 1968.
- (4) In sections 21(1)(c) and 22(1)(b) of the said Act of 1947 (which restrict the import and export of certain instruments) after the words " Treasury bills " there shall be inserted the words (which reproduce the effect of section 55(2) of the said Act of 1968) ", Government bills, certificates of deposit or any description of promissory notes which is for the time being prescribed under paragraph (d) of the definition of ' securities' in section 42(1) of this Act ".
- (5) Any amendment by this section of a provision which extends to the Channel Islands by virtue of any Order in Council under section 43(3) of the said Act of 1947 extends similarly; and, without prejudice to any further provision made by any such Order, section 30(3A) shall so extend with the substitution for references to the United Kingdom of references to the Channel Islands as defined in any such Order.
- (6) Subsections (1) and (2) above, and so much of subsection (5) above as relates to those subsections, shall not come into force until such day as the Treasury may appoint by order made by statutory instrument.

59 Citation, interpretation, construction and repeals

- (1) This Act may be cited as the Finance Act 1977.
- (2) In this Act "the Taxes Act" means the Income and Corporation Taxes Act 1970.

- (3) In this Act—
- (a) Part I (except sections 5 and 6) shall be construed as one with the Customs and Excise Act 1952;
 - (b) Part II shall be construed as one with Part I of the Finance Act 1972;
 - (c) Part III, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with Part III of the Finance Act 1965 ;
 - (d) Part IV shall be construed as one with Part III of the Finance Act 1975.
- (4) Except so far as the context otherwise requires, any reference in this Act to any enactment shall be construed as a reference to that enactment as amended, and as including a reference to that enactment as applied, by or under any other enactment, including this Act.
- (5) The enactments mentioned in Schedule 9 to this Act (which include spent 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.