



# Finance Act 1983

## 1983 CHAPTER 28

### PART I

#### CUSTOMS AND EXCISE

#### **1 Duties on spirits, beer, wine, made-wine and cider**

- (1) In section 5 of the Alcoholic Liquor Duties Act 1979 (excise duty on spirits) for " £14.47 " there shall be substituted " £15.19 " .
- (2) In section 36 of that Act (excise duty on beer) for " £20.40 " and " £0.68 " there shall be substituted " £21.60 " and " £0.72 " respectively.
- (3) For the provisions of Schedule 1 to that Act (rates of excise duty on wine) there shall be substituted the provisions of Schedule 1 to this Act.
- (4) For the provisions of Schedule 2 to that Act (rates of excise duty on made-wine) there shall be substituted the provisions of Schedule 2 to this Act.
- (5) In section 62(1) of that Act (excise duty on cider) for " £816 " there shall be substituted " £969 " .
- (6) This section shall be deemed to have come into force on 16th March 1983.

#### **2 Tobacco products**

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

“TABLE

1. Cigarettes	An amount equal to 21 per cent, of the retail price plus £21.67 per thousand cigarettes.
2. Cigars	£40.85 per kilogram.

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3. Hand-rolling tobacco	£35.40 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 18th March 1983.

### 3 Hydrocarbon oil

(1) In section 6(1) of the Hydrocarbon Oil Duties Act 1979 (rates of duty on hydrocarbon oil) for " £0.1554 " (light oil) and " £0.1325 " (heavy oil) there shall be substituted " £0.1630 " and "£0.1382 " respectively.

(2) This section shall be deemed to have come into force at 6 o'clock in the evening of 15th March 1983.

### 4 Vehicles excise duty

(1) The Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972 shall be amended as follows.

(2) For the provisions of Part II of Schedules 1 to 5 to each of those Acts (annual rates of duty) there shall be substituted the provisions set out in Part I of Schedule 3 to this Act.

(3) The provisions of Part I of Schedule 4 to each of those Acts (annual rates of duty on goods vehicles: general provisions) shall have effect subject to the amendments made by Part II of Schedule 3 to this Act.

(4) In sections 2(1)(c) of the Act of 1971 and 2(1)(d) of the Act of 1972 (seven-day licences for certain vehicles), for sub-paragraphs (i) and (ii) there shall be substituted—

“(i) in respect of which duty is chargeable by reference to an annual rate applicable to haulage vehicles in accordance with the second and third categories in Part II of Schedule 3 to this Act or applicable to goods vehicles in accordance with Schedule 4 to this Act; and

(ii) the unladen weight of which exceeds 11,176.5 kilograms;”.

(5) In subsection (5) of section 16 of the Act of 1971 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 7 to that Act, for " £40 " and " £8 " there shall be substituted, respectively, " £42 " and " £8.50 ".

(6) In subsection (6) of section 16 of the Act of 1972 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 9 to that Act, for " £40 " and " £8 " there shall be substituted, respectively, " £42 " and " £8.50 ".

(7) The provisions set out in Schedule 3 to this Act as being substituted for provisions of Schedule 4 to the Act of 1972 shall have effect in that Act with the substitution for any reference to a plated gross weight of a reference to a relevant maximum weight and for any reference to a plated train weight of a reference to a relevant maximum train weight.

(8) This section applies in relation to licences taken out after 15th March 1983.

## **5 Bingo duty and gaming machine licence duty**

- (1) In paragraph 2 of Schedule 3 to the Betting and Gaming Duties Act 1981 (exemption limits for small-scale bingo) after sub-paragraph (1) there shall be inserted the following sub-paragraph—

“(1A) Where the total value of the card money taken in the bingo in question played at any premises exceeds during, or on any day in, a relevant week the total value of the prizes won in that bingo during that week or, as the case may be, on that day, any reference in sub-paragraph (1) above to the total value of the prizes so won shall be read as a reference to the total of the card money so taken.

In this sub-paragraph " card money " means money taken by or on behalf of the promoter of the bingo as payment by players for their cards (within the meaning of section 17(3) of this Act)”.

- (2) In Schedule 4 to the Act of 1981, in paragraph 1, for sub-paragraph (3) (meaning of private gain in relation to exemption from gaming machine licence duty for charitable entertainments etc.) there shall be substituted the following—

“(3) In construing sub-paragraph (2)(a) above, proceeds of an entertainment promoted on behalf of a society falling within this sub-paragraph which are applied for any purpose calculated to benefit the society as a whole shall not be held to be applied for purposes of private gain by reason only that their application for that purpose results in benefit to any person as an individual.

- (4) A society falls within sub-paragraph (3) above if it is established and conducted either—

- (a) wholly for purposes other than purposes of any commercial undertaking, or
- (b) wholly or mainly for the purpose of participation in or support of athletic sports or athletic games;

and in this paragraph " society " includes any club, institution, organisation or association of persons, by whatever name called, and any separate branch or section of such a club, institution, organisation or association.”

## **6 Deferred payment of excise duty on goods**

The following section shall be inserted in Part X of the Customs and Excise Management Act 1979 (duties and drawbacks : general provisions), after section 127—

*“Deferred payment of excise duty on goods*

### **127A Deferred payment of excise duty on goods.**

- (1) The Commissioners may by regulations make provision for the payment of any excise duty on goods of a prescribed kind to be deferred, in prescribed cases, subject to such conditions or requirements as may be imposed—

- (a) by the regulations ; or
- (b) where the regulations so provide, by the Commissioners,

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- (2) Any duty payment of which is deferred under the regulations shall be treated, for prescribed purposes, as if it had been paid.
- (3) Where—
- (a) any excise duty to which an application for deferment of duty made under the regulations relates is payable on goods on their removal from an excise warehouse; and
  - (b) the Commissioners are not satisfied—
    - (i) that the conditions imposed under section 92(1) above in relation to the warehouse have been complied with by the occupier of the warehouse; or
    - (ii) that the warehousing regulations made by virtue of section 93(2)(g) above have been complied with by the occupier or by the proprietor of the goods ;
- the Commissioners may, notwithstanding any provision of the regulations, refuse the application or refuse it in so far as it relates to those goods.
- Nothing in this subsection shall be taken to prejudice the power of the Commissioners to prescribe the cases in which excise duty may be deferred.
- (4) Regulations under this section may make different provision for goods of different descriptions or for goods of the same description in different circumstances.
- (5) In this section " prescribed " means prescribed by regulations made under this section.”.

## **7 Imports to and exports from Northern Ireland**

- (1) In section 26 of the Customs and Excise Management Act 1979 (power to regulate movement of goods into and out of Northern Ireland by land).—
- (a) in paragraph (a) of subsection (1) after the words " " approved routes " ) " there shall be inserted the words " or at such places on the boundary " ; and
  - (b) at the end of subsection (1) there shall be added the words " and any such regulations may make different provision in relation to different classes or descriptions of goods and, in particular, in relation to different classes or descriptions of vehicles " .
- (2) After subsection (1) of that section there shall be added the following subsection: —
- “(1A) In such cases and subject to compliance with such conditions as appear to the Commissioners to be appropriate, the Commissioners may dispense with any requirement of a regulation made under subsection (1) above”.
- (3) In subsection (2) of that section (penalties) after the words " subsection (1) above " there shall be inserted the words " or any condition of a dispensation given under subsection (1A) above " .
- (4) In section 27(1) of that Act (powers to board ships and aircraft and vehicles on approved routes) for the words "on an approved route " there shall be substituted the words " within the prescribed area " .

- (5) In section 51(1) of that Act (control of importation: special provisions as to proof where goods are within the prescribed area in Northern Ireland) the words " within the prescribed area " shall be omitted.

## **8 Export from Northern Ireland of goods chargeable with agricultural levies**

At the end of Part V of the Customs and Excise Management Act 1979 (control of exportation), after section 68A, there shall be inserted the following section—

### **“68B Special provisions as to proof in Northern Ireland.**

- (1) If goods of any class or description chargeable with agricultural levies on their exportation from the United Kingdom are found in the possession or control of any person within the prescribed area in Northern Ireland, any officer or any person having by law in Northern Ireland the powers of an officer may require that person to furnish proof either—
- (a) that the goods are not intended for such exportation; or
  - (b) that the goods are intended for such exportation and any entry required to be made or security required to be given in connection with that exportation has been or will be made or given.
- (2) If proof of any matter is required to be furnished in relation to any goods under subsection (1) above but is not so furnished, the goods shall be liable to forfeiture.
- (3) In subsection (1) above "agricultural levy" has the same meaning as in section 6 of the European Communities Act 1972.”

## **9 Miscellaneous customs and excise repeals**

- (1) Subsection (5) of section 30 of the Licensing Act 1964 (duty of clerk to licensing justices to supply to Collector of Customs and Excise a list of new licences granted and licences not renewed) and section 22 of the Licensing (Scotland) Act 1976 (which makes corresponding provision for Scotland) shall cease to have effect.
- (2) Paragraph 1 of Schedule 7 to the Finance Act 1969 (definition of " whisky " or " whiskey " for customs and excise purposes) and section 92(7) of the Alcoholic Liquor Duties Act 1979 (saving in relation to spirits distilled before 1st August 1969) shall cease to have effect on the appointed day.
- (3) In subsection (2) above, " the appointed day " means such day as the Treasury may by order made by statutory instrument appoint; but the Treasury may not so appoint a day unless they are satisfied that on that day there will be in force as part of the law of each part of the United Kingdom a definition given by or under any enactment of the expressions " whisky " and " whiskey ".

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## PART II

### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

#### CHAPTER I

##### GENERAL

#### 10 Charge of income tax for 1983-84

- (1) Income tax for the year 1983-84 shall be charged at the basic rate of 30 per cent.; and
- (a) in respect of so much of an individual's total income as exceeds £12,800 at such higher rates as are specified in the Table below; and
  - (b) in respect of so much of the investment income included in an individual's total income as exceeds £6,250 at the additional rate of 15 per cent.

TABLE

<i>Part of excess over £12,800</i>	<i>Higher rate</i>
The first £2,300	40 per cent.
The next £4,000	45 per cent.
The next £6,200	50 per cent.
The next £6,200	55 per cent.
The remainder	60 per cent.

- (2) Nothing in this section requires any change to be made in the amounts deductible or repayable under section 204 of the Taxes Act (pay as you earn) before 31st August 1983.
- (3) Notwithstanding anything in the preceding provisions of this section, the amounts deductible or repayable under section 204 of the Taxes Act on and after 11th May 1983 and before 31st August 1983 may be such as would be requisite to give effect to the provisions as to higher rate tax and the investment income surcharge contained in a Resolution passed by the House of Commons on 21st March 1983.
- (4) Section 24(4) of the Finance Act 1980 (increase of basic rate limit, higher rate bands and investment income threshold) shall not apply for the year 1983-84.

#### 11 Charge of corporation tax for financial year 1982

Corporation tax shall be charged for the financial year 1982. at the rate of 52 per cent.

#### 12 Rate of advance corporation tax for financial year 1983

The rate of advance corporation tax for the financial year 1983. shall be three-sevenths.

### **13 Corporation tax: small companies**

The small companies rate for the financial year 1982 shall be 38 per cent., and for that year the fraction mentioned in subsection (2) of section 95 of the Finance Act 1972 (marginal relief for small companies) shall be seven seventy-fifths.

### **14 Personal reliefs**

- (1) Section 24(5) of the Finance Act 1980 (increase of personal reliefs) shall not apply for the year 1983-84.
- (2) In section 8 of the Taxes Act (personal reliefs)—
  - (a) in subsection (1)(a) (married) for " £2,445 " there shall be substituted " £2,795 " ;
  - (b) in subsections (1)(b) (single) and (2) (wife's earned income relief) for " £1,565 " there shall be substituted " £1,785 " ;
  - (c) in subsection (1A) (age allowance) for " £3,295 " and " £2,070 " there shall be substituted " £3,755 " and " £2,360 " respectively ; and
  - (d) in subsection (1B) (income limit for age allowance) for " £6,700 " there shall be substituted " £7,600 "

### **15 Widow's bereavement allowance**

- (1) In section 15A of the Taxes Act (widow's bereavement allowance) for the words " for that year " there shall be substituted the following paragraphs—
  - (a) for that year of assessment, and
  - (b) unless she marries again before the beginning of it, for the next following year of assessment".
- (2) In section 36(8)(b)(i) of the Finance Act 1976 (deductions which are not transferable between husband and wife) for the words " and 14 " there shall be substituted the words " 14 and 15A " .
- (3) Subsection (1) above has effect in any case where the widow's bereavement occurred or occurs in the year 1982-83 or in any subsequent year of assessment and subsection (2) above has effect for the year 1983-84 and subsequent years of assessment.

### **16 Relief for interest**

- (1) In sub-paragraph (1) of paragraph 5 of Schedule 1 to the Finance Act 1974 (limit on relief for interest on certain loans for the purchase or improvement of land) the references to £25,000 shall have effect for the year 1983-84.
- (2) Nothing in this section requires any change to be made in the amounts deductible or repayable under section 204 of the Taxes Act (pay as you earn) before 31st August 1983.
- (3) Notwithstanding anything in the preceding provisions of this section, the amounts deductible or repayable under section 204 of the Taxes Act on and after 11th May 1983 and before 31st August 1983 may be such as would be requisite to give effect to the provisions as to relief for interest contained in a Resolution passed by the House of Commons on 21st March 1983.

## **17 Loan interest paid under deduction of tax**

- (1) In paragraph 4 of Schedule 7 to the Finance Act 1982 (interest on home improvement loans to qualify as relevant loan interest only if certain conditions are fulfilled) at the end of paragraph (b) of sub-paragraph (1) there shall be added the words “or  
 (c) it is interest to which sub-paragraph (3) of paragraph 2 above applies”.
- (2) In paragraph 5 of that Schedule (loans over the tax relief limit) after sub-paragraph (3) there shall be inserted the following sub-paragraph: —
- “(3A) The reference in sub-paragraph (1) above to a loan only part of the interest on which would (apart from the principal section) be eligible for relief under section 75 of the Finance Act 1972 includes a reference to each of two or more loans if, by virtue of sub-paragraph (4)(b) of paragraph 5 of the 1974 Schedule, the interest on the loans falls to be treated for the purposes of that paragraph as payable on one loan; but, notwithstanding that each of those loans is accordingly a limited loan for the purposes of this paragraph, none of the interest on any of them is relevant loan interest unless each of the loans was made by the same qualifying lender”;
- and in sub-paragraph (4) of that paragraph after the words " sub-paragraph (3) " there shall be inserted the words " or sub-paragraph (3A) " .
- (3) In paragraph 14 of that Schedule (qualifying lenders for the purposes of deduction of tax from certain loan interest) after paragraph (a) of sub-paragraph (1) there shall be inserted the following paragraph: —
- “(nn) the Church of England Pensions Board”;
- and at the end of paragraph (o) of sub-paragraph (1) there shall be added the words " and any other body whose activities and objects appear to the Treasury to qualify it for inclusion in this paragraph " .
- (4) In sub-paragraph (2) of paragraph 14 of that Schedule (Treasury orders) after the words "by order" there shall be inserted the words " made by statutory instrument " .
- (5) In paragraph 1 of Schedule 9 to the Finance Act 1972 (interest eligible for relief on loans for purchase or improvement of land) at the end of sub-paragraph (c) (replacement loans) there shall be added the words " or would have been so eligible apart from section 26 of the Finance Act 1982 " .
- (6) This section has effect with respect to interest due on or after 6th April 1983 or, where sub-paragraph (3) or sub-paragraph (4) of paragraph 2 of Schedule 7 to the Finance Act 1982 applies, on or after 1st April 1983.

## **18 Assigned life policies and annuity contracts**

- (1) Subsection (4) of section 394 of the Taxes Act (no chargeable event where life policy has previously been assigned for money or money's worth) shall be amended as follows: —
- (a) at the beginning there shall be inserted the words " Except as provided by Schedule 4 to the Finance Act 1983 " ;
- (b) after the word " policy " , where it first occurs, there shall be inserted the words " issued in respect of an insurance made before 26th June 1982 " ; and
- (c) after the words " at any time " there shall be inserted the words " before that date and " .



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- (2) Subsection (2) of section 396 of the Taxes Act (which makes corresponding provision in relation to life annuity contracts) shall be amended as follows: —
  - (a) at the beginning there shall be inserted the words " Except as provided by Schedule 4 to the Finance Act 1983 " ;
  - (b) after the word " contract", where it first occurs, there shall be inserted the words " made before 26th June 1982 " ; and
  - (c) after the words " at any time " there shall be inserted the words " before that date and " .
- (3) Schedule 4 to this Act shall have effect for the purposes of this section and in that Schedule "the relevant provision" means.—
  - (a) in relation to a life policy, section 394(4) of the Taxes Act; and
  - (b) in relation to a contract for a life annuity, section 396(2) of that Act.
- (4) Expressions used in this section and in Schedule 4 to this Act have the same meaning as in Chapter III of Part XIV of the Taxes Act.
- (5) This section and Schedule 4 to this Act shall be deemed to have come into force on 26th June 1982.

## **19 Retirement annuity relief: early retirement**

- (1) In section 226 of the Taxes Act (approval of retirement annuity contracts and trust schemes) in subsection (3)(c) (occupations from which retirement before attaining the age of sixty is customary) the words " (but not before he attains the age of fifty) " shall cease to have effect.
- (2) This section shall be deemed to have come into force on 6th April 1983.

## **20 Scholarships**

- (1) In Chapter II of Part III of the Finance Act 1976 (benefits derived by company directors and others from their employment), the following section shall be inserted after section 62—

### **“62A Scholarships.**

- (1) Nothing in section 375 of the Taxes Act (scholarship income not to be taken into account as income for income tax purposes) shall be construed as conferring on any person other than the person holding the scholarship in question any exemption from the charge to tax under section 61 above.
- (2) For the purposes of this Chapter, any scholarship provided for a member of a person's family or household shall, without prejudice to any other provision of this Chapter, be taken to have been provided by reason of that person's employment if it is provided under arrangements entered into by, or by any person connected with, his employer (whether or not those arrangements require the employer or connected person to contribute directly or indirectly to the cost of providing the scholarship).
- (3) Section 61 above does not apply to a benefit consisting in a payment in respect of a scholarship—
  - (a) provided from a trust fund or under a scheme; and

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- (b) held by a person receiving full-time instruction at a university, college, school or other educational establishment;  
 if, in the year in which the payment is made, not more than 25 per cent, of the total amount of the payments made from that fund, or under that scheme, in respect of scholarships so held would (apart from this subsection) represent benefits chargeable to tax under section 61 above.
- (4) In this section "scholarship" includes an exhibition, bursary or other similar educational endowment ; and section 533 of the Taxes Act (connected persons) applies for the purposes of this section.”.
- (2) This section has effect in relation to payments made on or after 15th March 1983, but does not apply in relation to any payment made at a time when the conditions mentioned in subsection (3) below are satisfied.
- (3) The conditions are that—
  - (a) the scholarship was awarded before 15th March 1983 ;
  - (b) the first payment in respect of the scholarship is made before 6th April 1984 ; and
  - (c) the person holding the scholarship is receiving full-time instruction at the university, college, school or other educational establishment at which he was receiving that instruction at the time when the first such payment was made.
- (4) For the purpose of ascertaining, in accordance with subsection (3) of the section inserted by subsection (1) above, the percentage of the total amount of the payments made in any year of assessment beginning after 5th April 1982 in respect of scholarships from any fund or under any scheme which (apart from subsection (3)) would represent benefits chargeable to tax under section 61 of the Act of 1976, this section shall be deemed to have had effect in relation to all such payments made in that year.

## **21 Living accommodation provided for employee**

- (1) The following section shall be inserted in the Finance Act 1977, after section 33—

### **“33A Living accommodation provided for employee: additional charge.**

- (1) This section applies where—
  - (a) living accommodation is provided for a person in any period, by reason of his employment ;
  - (b) by virtue of section 33 above he is treated for Schedule E purposes as being in receipt of emoluments of an amount calculated by reference to the value to him of that accommodation, or would be so treated if there were disregarded any sum made good by him to those at whose cost the accommodation is provided; and
  - (c) the cost of providing the accommodation exceeds £75,000.
- (2) Where this section applies, the employee shall be treated for Schedule E purposes as being in receipt of emoluments (in addition to those which he is treated as receiving by virtue of section 33) of an amount equal to the additional value to him of the accommodation for the period, less so much of any rent paid by the employee, in respect of the accommodation, to the person

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providing it as exceeds the value to the employee of the accommodation for the period (as determined under section 33).

- (3) The additional value of the accommodation to the employee in any period is the rent which would have been payable for that period if the premises had been let to him at an annual rent equal to the appropriate percentage of the amount by which the cost of providing the accommodation exceeds £75,000.
- (4) For the purposes of this section, the cost of providing any living accommodation shall be taken to be title aggregate of—
  - (a) the amount of any expenditure incurred in acquiring the estate or interest in the property held by any relevant person; and
  - (b) the amount of any expenditure incurred by any relevant person before the year of assessment in question on improvements to the property.
- (5) The aggregate amount mentioned in subsection (4) above shall be reduced by the amount of any payment made by the employee to any relevant person, so far as that amount represents a reimbursement of any such expenditure as is mentioned in paragraph (a) or (b) of that subsection or represents consideration for the grant to the employee of a tenancy of the property.
- (6) Subject to subsection (8) below, where throughout the period of six years ending with the date when the employee first occupied the property, any estate or interest in the property was held by any relevant person (whether or not it was the same estate, interest or person throughout), the additional value shall be calculated as if in subsection (4) above
  - (a) the amount referred to in paragraph (a) were the market value of the property as at that date; and
  - (b) the amount referred to in paragraph (b) did not include expenditure on improvements made before that date.
- (7) " Relevant person " means any of the following—
  - (a) the person providing the accommodation;
  - (b) where the person providing the accommodation is not the employee's employer, that employer; and
  - (c) any person, other than the employee, who is connected with a person falling within paragraph (a) or (b) above.
- (8) Subsection (6) above does not apply where the employee first occupied the property before 31st March 1983.
- (9) Any amount which is deductible, by virtue of subsection (3) of section 33, from an amount to be treated as emoluments under that section may, to the extent to which it exceeds the amount of those emoluments, be deductible from the amount to be treated as emoluments under this section.
- (10) For the purposes of this section, living accommodation shall be treated as provided for a person by reason of his employment if it is so treated for the purposes of section 33 ; and in this section " employment " has the same meaning as in that section.
- (11) In this section—
  - " the appropriate percentage " means the rate prescribed by the Treasury under section 66(9) of the Finance Act 1976 (beneficial loan

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arrangements etc.) as at the beginning of the year of assessment in question;

" property ", in relation to any living accommodation, means the property consisting of that accommodation;

" market value ", in relation to any property, means the price which that property might reasonably be expected to fetch on a sale in the open market with vacant possession, no reduction being made, in estimating the market value, on account of any option in respect of the property held by the employee, or a person connected with him, or by any of the persons mentioned in subsection (7) above; and

" tenancy " includes a sub-tenancy.

(12) Section 533 of the Taxes Act (connected persons) shall apply for the purposes of this section.”.

(2) This section has effect for the year 1984-85 and for subsequent years of assessment.

## 22 Benefits derived by directors: Schedule E payments

(1) The following section shall be inserted in Chapter II of Part III of the Finance Act 1976 (benefits derived by company directors and others from their employment), after section 66—

### “66A Schedule E: director's tax paid by employer.

(1) Subject to the provisions of this Chapter, where in any year a person (the " recipient") is employed as a director of a company and—

- (a) a payment of, or on account of, income assessable to income tax under Schedule E as emoluments of that employment is made to him in circumstances in which the person making the payment is required, by regulations made under section 204 of the Taxes Act (pay as you earn), to deduct an amount of income tax on making the payment ; and
- (b) the whole of that amount is not so deducted but is, or any part of it is, accounted for to the Board by someone other than the recipient;

the amount so accounted for to the Board, less so much (if any) as is made good by the recipient to that other person or so deducted, shall be treated as emoluments of the employment and accordingly chargeable to income tax under Schedule E.

(2) A person shall not be treated, for the purposes of subsection (1) above, as employed as a director of a company if he has no material interest in the company and either paragraph (a) or paragraph (b) of section 69(5) of this Act is satisfied.

(3) Where an amount treated as emoluments of a person's employment, by subsection (1) above, is accounted for to the Board at a time when the employment has come to an end, those emoluments shall be treated, for the purposes of the Income Tax Acts, as having arisen in the year of assessment in which the employment ended; but that subsection shall not apply in relation to any amount accounted for to the Board after the death of the director in question.”

(2) This section has effect in relation to amounts accounted for on or after 6th April 1983.

### **23 Covenanted payments to charity: increase of exemption from excess tax liability**

- (1) In section 457 of the Taxes Act, in subsection (1A) (covenanted payments to charity: first £3,000 exempt from excess liability) for " £3,000 " there shall be substituted " £5,000 " .
- (2) In Schedule 16 to the Finance Act 1972 (close companies: apportionment of income) in paragraph 5, in sub-paragraph (5A) (total income reduced by amount of covenanted payments to charities, subject to the £3,000 limit) for "£3,000" there shall be substituted " £5,000 " .
- (3) This section has effect for the year 1983-84 and subsequent years of assessment in relation to payments made after 5th April 1983.

### **24 Relief for interest: money borrowed for investment in employee-controlled company**

- (1) In Part III of Schedule 1 to the Finance Act 1974 (interest eligible for relief), the following shall be inserted after paragraph 10B—

*“Loan applied in investing in employee-controlled company*

10C Subject to the following provisions of this Part of this Schedule, interest is eligible for relief under section 75 of the Finance Act 1972 if it is interest on a loan to an individual to defray money applied—

- (a) in acquiring any part of the ordinary share capital of an employee-controlled company; or
- (b) in paying off another loan, interest on which would have been eligible for relief under section 75 of the Act of 1972 had the loan not been paid off (on the assumption, if the loan was free of interest, that it carried interest);

and the conditions stated in paragraph 10D below are satisfied.

- 10D (1) The conditions referred to in paragraph 10C above are that—
- (a) the company is, throughout the period beginning with the date on which the shares are acquired and ending with the date on which the interest is paid.—
    - (i) an unquoted company resident in the United Kingdom and not resident elsewhere ; and
    - (ii) a trading company or the holding company of a trading group ;
  - (b) the shares are acquired before, or not later than twelve months after, the date on which the company first becomes an employee-controlled company ;
  - (c) during the year of assessment in which the interest is paid the company either—
    - (i) first becomes an employee-controlled company ; or
    - (ii) is such a company throughout a period of at least nine months ;
  - (d) the individual or his spouse is a full-time employee of the company throughout the period beginning with the date on which the proceeds of the loan are applied and ending with the date on

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which the interest is paid or, if at that date he has ceased to be such an employee, ending with whichever is the later of—

- (i) the date on which he ceased to be such an employee;
  - (ii) the date twelve months before the payment of the interest;
- and
- (e) the individual shows that in the period from the application of the proceeds of the loan to the payment of the interest he has not recovered any capital from the company, apart from any amount taken into account under paragraph 13 below.

(2) For the purposes of paragraph IOC above and this paragraph, a company is employee-controlled at any time when at least 75 per cent.—

- (a) of the issued ordinary share capital of the company ; and
- (b) of the voting power in the company ;

is beneficially owned by persons who, or whose spouses, are full-time employees of the company.

(3) Where an individual owns beneficially, or he and his spouse together own beneficially, more than 5 per cent, of the issued ordinary share capital of, or voting power in, a company, the excess shall be treated for the purposes of sub-paragraph (2) above as being owned by an individual who is neither a full-time employee of the company nor the spouse of such an employee.

(4) In this paragraph—

" full-time employee ", in relation to a company, means a person who works for the greater part of his time as an employee or director of the company or of a 51 per cent, subsidiary of the company;

" holding company " means a company whose business (disregarding any trade carried on by it) consists wholly or mainly of the holding of shares or securities of one or more companies which are its 75 per cent, subsidiaries;

" trading company " means a company whose business consists wholly or mainly of the carrying on of a trade or trades;

" trading group " means a group the business of whose members, taken together, consists wholly or mainly of the carrying on of a trade or trades, and for this purpose " group " means a company which has one or more 75 per cent, subsidiaries, together with those subsidiaries; and

" unquoted company" means a company none of whose shares are listed in the Official List of the Stock Exchange.”.

(2) Paragraphs 13 to 15 of Part III of Schedule 1 to the Act of 1974 shall be amended as follows—

- (a) in paragraphs 13 and 14, after the words "cooperative", wherever they occur, there shall be inserted the words " employee-controlled company " ; and
- (b) in paragraph 15, after " 10B " there shall be inserted " 10D " and after " 10A(c) " there shall be inserted " 10C(b) " .

(3) This section has effect in relation to interest paid after 5th April 1983.

## 25 Profit sharing schemes

- (1) In Chapter III of Part III of the Finance Act 1978 (approved profit sharing schemes) for the sum of money specified in section 58(1), section 58(2) and paragraph 1(4) of Schedule 9 (each of which relates to the limit on the initial market value of shares in any year) there shall be substituted the words " the relevant amount " ; and in section 61(1) of that Act (interpretation) after the definition of " the release date " there shall be inserted—

“the relevant amount', in relation to a participant, means an amount which is not less than £1,250 and not more than £5,000 but which, subject to that, is 10 per cent, of his salary (determined under subsection (4) below) for the year of assessment in question or the preceding year of assessment, whichever is the greater”.

- (2) At the end of section 61 of the Finance Act 1978 (interpretation) there shall be inserted the following subsection: —

“(4) For the purposes of subsection (1) above, a participant's salary for a year of assessment means such of the emoluments of the office or employment by virtue of which he is entitled to participate in the scheme as are liable to be paid in that year under deduction of tax pursuant to section 204 of the Taxes Act (pay as you earn) after deducting therefrom amounts included by virtue of Chapter II of Part III of the Finance Act 1976 (benefits derived by directors and others from their employment).”

- (3) As respects subsections (1) and (2) of section 58 of the Finance Act 1978, the amendments effected by subsections (1) and (2) above apply in relation to shares appropriated on or after 6th April 1983 and, as respects paragraph 1(4) of Schedule 9 to that Act, those amendments shall be deemed to have come into force on that date.

- (4) In paragraph 2 of Schedule 9 to the Finance Act 1978 (matters as to which the Board must be satisfied for approval of schemes)—

- (a) at the end of sub-paragraph (1) there shall be added the words " and that those who do participate in the scheme actually do so on similar terms " ; and
- (b) at the end of sub-paragraph (2) there shall be added the words " or do not actually do so " .

- (5) At the end of the said paragraph 2 there shall be inserted the following sub-paragraphs: —

“(3) The Board must also be satisfied—

- (a) that there are no features of the scheme which have or would have the effect of discouraging any description of employees or former employees who fulfil the conditions in sub-paragraph (1) above from actually participating in the scheme (subject to Part III below); and
- (b) where the company concerned is a member of a group of companies, that the scheme does not and would not have the effect of conferring benefits wholly or mainly on directors of companies in the group or on those employees of companies in the group who are in receipt of the higher or highest levels of remuneration.

- (4) For the purposes of sub-paragraph (3) above a group of companies means a company and any other companies of which it has control.”

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

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- (6) In paragraph 3(1) of Schedule 9 to the Finance Act 1978 (grounds for withdrawing approval) at the end of paragraph (d) there shall be added “or
- (e) the trustees, the company concerned or, in the case of a group scheme, a company which is or has been a participating company fail or fails to furnish any information which they are or it is required to furnish pursuant to section 53(7) of this Act”.

## 26 Relief for investment in corporate trades

- (1) Part I of Schedule 5 to this Act shall have effect, in relation to shares issued in the year of assessment 1983-84 or in any of the next three years of assessment, for the purpose of making provision with respect to relief from income tax for investment in corporate trades, in place of that made by Chapter II of Part IV of the Finance Act 1981.
- (2) The provisions of Chapter II of Part IV of the Act of 1981 (relief for investment in new corporate trades) shall continue to have effect in relation to shares issued in the years of assessment 1981-82 and 1982-83, but subject to the amendments set out in Part II of Schedule 5 to this Act.
- (3) The Table in section 98 of the Taxes Management Act 1970 (penalties) shall be amended as follows—
- (a) at the end of the first column there shall be inserted—

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“Paragraph 15(3) and (4) of Schedule 5 to the Finance Act 1983.”; and

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- (b) at the end of the second column there shall be inserted—

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“Paragraph 15(1) and (2) of Schedule 5 to the Finance Act 1983.”

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## 27 Public lending right

The following enactments shall have effect in relation to public lending right as they have effect in relation to copyright—

- (a) section 16 of the Taxes Management Act 1970 (returns of periodical or lump sum payments);
- (b) sections 143 (3)(b) (charge on receipts after discontinuance of trade, etc. not to apply to lump sum paid to personal representatives for assignment), 389 and 390 (reliefs), 391 (taxation of royalties where owner's usual place of abode is abroad), and 521 (under-deductions from payments) of the Taxes Act.

## 28 Employees seconded to charities

- (1) If a company makes available to a charity, on a basis which is expressed and intended to be of a temporary nature, the services of a person in the employment of the company then, notwithstanding anything in—
- (a) section 130 of the Taxes Act (general rules as to deductions not allowable in computing profits or gains), or
- (b) section 304 of that Act (expenses of management of investment companies etc.),

any expenditure incurred (or disbursed) by the company which is attributable to the employment of that person shall continue to be deductible in the manner and to the



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

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like extent as if, during the time that his services are so made available to the charity, they continued to be available for the purpose of the company's trade or business.

(2) In subsection (1) above—

"charity" has the same meaning as in section 360 of the Taxes Act; and  
"deductible" means deductible as an expense in computing the profits or gains of the company concerned to be charged under Case I of Schedule D or, as the case may be, deductible as expenses of management for the purposes of section 304 of the Taxes Act.

(3) This section applies to expenditure attributable to the employment of a person on or after 1st April 1983.

## **29 Building societies: interest to be payable gross on certificates of deposit**

(1) In paragraph (iii) of the proviso to subsection (3) of section 343 of the Taxes Act (arrangements for payment of income tax on interest etc. paid by building societies) after the word "loan" there shall be inserted the words "or under a qualifying certificate of deposit".

(2) After subsection (8) of that section there shall be inserted the following subsection—

“(8A) In subsection (3) above "qualifying certificate of deposit" means a certificate of deposit, as defined in section 55(3) of the Finance Act 1968, which is issued by a building society and under which—

- (a) the amount payable by the society, exclusive of interest, is not less than £50,000; and
- (b) the obligation of the society to pay that amount arises before the expiry of the period of twelve months beginning on the date of issue of the certificate.”

(3) This section has effect in relation to documents issued after 5th April 1983.

## **CHAPTER II**

### **CAPITAL ALLOWANCES**

## **30 Industrial building or structure**

(1) in section 7 of the Capital Allowances Act 1968 (definition of industrial building or structure) in subsection (4) (disregard of non-industrial part representing not more than one-tenth of total expenditure) for the words "one-tenth" there shall be substituted the words "one quarter".

(2) Subsection (1) above has effect in relation to expenditure incurred after 15th March 1983 and to expenditure which, by virtue of section 5(1) of the Capital Allowances Act 1968 (purchase of unused buildings or structures), is deemed to have been incurred after that date; but expenditure shall not be treated for the purposes of this section as having been incurred after the date on which it was in fact incurred by reason only of section 1(6) of that Act (expenditure incurred before trade begins).

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

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### **31 Buildings converted into very small workshops**

- (1) Where the conditions mentioned in subsection (2) below are satisfied in relation to an industrial building, section 73 of the Finance Act 1982 (industrial buildings allowance: very small workshops) shall apply in relation to capital expenditure on the construction of that building notwithstanding that the gross internal floor space of the whole building will exceed 1,250 square feet.
- (2) The conditions referred to in subsection (1) above are that—
  - (a) the industrial building has been constructed by means of the conversion of a building (the "existing building") into two or more industrial buildings;
  - (b) each of those industrial buildings is—
    - (i) permanently separated from the remainder of the existing building;
    - (ii) intended for occupation separately from the remainder of the existing building; and
    - (iii) suitable for being so occupied; and
  - (c) the average gross internal floor space does not exceed 1,250 square feet.
- (3) For the purposes of subsection (2)(c) above, the average gross internal floor space shall be calculated—
  - (a) as at the date at which the following condition is first satisfied, namely that all the buildings which have been constructed by means of the conversion have come into use ; or
  - (b) if that condition is not satisfied before 27th March 1986, as at that date ;
 and shall be taken to be the average of the gross internal floor space of all those parts of the existing building which are industrial buildings at that date.
- (4) This section does not apply where the existing building, or any part of it, remained unused throughout the period before the conversion.
- (5) Where—
  - (a) in anticipation of the conditions mentioned in subsection (2) above being complied with in relation to an industrial building, section 73 of the Act of 1982 has been taken to apply in relation to capital expenditure on the construction of that building ; and
  - (b) those conditions have not been complied with in relation to that industrial building ;
 all such assessments shall be made as are necessary to secure that the Capital Allowances Act 1968 shall have effect in relation to that expenditure as if it had never been expenditure to which section 73 applies.
- (6) The Tax Acts shall have effect as if this section were contained in Chapter I of Part I of the Act of 1968.

### **32 Capital allowances for expenditure on production or acquisition of certain films etc.**

- (1) In section 72 of the Finance Act 1982 (expenditure on production and acquisition of films etc.) in subsection (7) (transitional relief for expenditure incurred on or before 31st March 1984 either pursuant to a contract entered into before 10th March 1982 or on the production or acquisition of certain qualifying films, tapes or discs) for the

words "or it is incurred " there shall be substituted the words " nor to expenditure which is incurred by any person on or before 31st March 1987 if it is incurred " .

(2) At the end of that section there shall be added the following subsection: —

“(10) Section 50(4) of the Finance Act 1971 (construction of references to the date on which expenditure is incurred for the purposes of Chapter I of Part III of that Act) applies in relation to the preceding provisions of this section as though they were comprised in that Chapter.”

### **33 Extended transitional period for teletext receivers etc.**

In paragraph 7 of Schedule 12 to the Finance Act 1980 (transitional period for 100 per cent, first year allowances for television sets) sub-paragraph (2) (definition of " the transitional period ") shall be amended as follows: —

- (a) paragraph (aa) (which provides for a five year period for teletext receivers and adaptors) shall be omitted; and
- (b) in paragraph (b) (which provides for a six year period for viewdata receivers and adaptors) after the words " the provision of " there shall be inserted the words " a teletext receiver or " ;

and sub-paragraph (5) of paragraph 7 (which, among other matters, extends, in relation to certain expenditure, references in sub-paragraph (2) to teletext receivers to include references to teletext adaptors) shall apply accordingly.

## **CHAPTER III**

### **CAPITAL GAINS**

### **34 Election for pooling: indexation**

(1) The provisions of Schedule 6 to this Act shall have effect for the purposes of, and in connection with.—

- (a) enabling a company to elect that, with respect to disposals after 31st March 1982, each of its holdings of certain securities of the same class which are held by it solely and beneficially and which have been so held for the length of time referred to in that Schedule shall be regarded for the purposes of the Capital Gains Tax Act 1979 as constituting a single asset; and
- (b) computing the indexation allowance applicable on a disposal of such a single asset.

(2) In section 88 of the Finance Act 1982 (identification of securities etc. disposed of: general rules) after subsection (5) there shall be inserted the following subsection—

“(5A) If an election has been made under Schedule 6 to the Finance Act 1983, securities disposed of shall be identified with securities comprised in a holding, within the meaning of paragraph 3 of that Schedule, rather than with securities of a description specified in paragraph 1(2) (6) thereof.”

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## PART III

### OIL TAXATION

#### 35 Phasing out of APRT

- (1) In section 139 of the Finance Act 1982 (liability for APRT etc.) in subsection (1) (the periods for which the liability arises)—
  - (a) in paragraph (a) after the words " after 31st December 1982 " there shall be inserted the words " and before 1st January 1987 " ; and
  - (b) in paragraph (b) for the words " nine immediately succeeding chargeable periods " there shall be substituted the words " immediately succeeding chargeable periods (if any) which ends before 1st January 1987 and " .
- (2) In subsection (2) of that section (the rate of APRT) for the words " at the rate of 20 per cent." there shall be substituted the following paragraphs: —
  - “(a) for the chargeable period ending on 30th June 1983, at the rate of 20 per cent.;
  - (b) for subsequent chargeable periods ending on or before 31st December 1984, at the rate of 15 per cent.;
  - (c) for chargeable periods ending in 1985, at the rate of 10 per cent.; and
  - (d) for chargeable periods ending in 1986, at the rate of 5 per cent.”
- (3) In consequence of subsections (1) and (2) above—
  - (a) in each of subsections (3)(a) and (4)(a) of section 139 of the Finance Act 1982, for the words " the APRT which is paid " there shall be substituted the words " any APRT which is payable and paid " ;
  - (b) in subsection (4) of that section for the words " the APRT paid ", in each place where they occur, there shall be substituted the words " any APRT paid " ; and
  - (c) Schedule 19 to that Act shall have effect subject to the modifications set out in Schedule 7 to this Act.

#### 36 Increased oil allowance for certain new fields

- (1) For all relevant new fields, as denned in subsection (2) below, section 8 of the principal Act (the oil allowance) shall have effect subject to the following modifications: —
  - (a) in subsection (2) (the amount of the allowance for each chargeable period) for " 250,000 metric tonnes " there shall be substituted " 500,000 metric tonnes " ; and
  - (b) in subsection (6) (the total allowance for a field) for " 5 million metric tonnes " there shall be substituted " 10 million metric tonnes " .
- (2) Subject to subsection (3) below, in this section " relevant new field " means an oil field—
  - (a) no part of which lies in a landward area, within the meaning of the Petroleum (Production) Regulations 1982 or in an area to the East of the United Kingdom and between latitudes 52° and 55° North; and
  - (b) for no part of which consent for development has been granted to the licensee by the Secretary of State before 1st April 1982 ; and
  - (c) for no part of which a programme of development had been served on the licensee or approved by the Secretary of State before that date.

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

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- (3) In determining, in accordance with subsection (2) above, whether an oil field (in this subsection referred to as " the new field ") is a relevant new field, no account shall be taken of a consent for development granted before 1st April 1982 or a programme of development served on the licensee or approved by the Secretary of State before that date if—
- (a) in whole or in part that consent or programme related to another oil field for which a determination under Schedule 1 to the principal Act was made before the determination under that Schedule for the new field; and
  - (b) on or after 1st April 1982, a consent for development is or was granted or a programme of development is or was served on the licensee or approved by the Secretary of State and that consent or programme relates, in whole or in part, to the new field.
- (4) In subsections (2) and (3) above " development" means—
- (a) the erection or carrying out of permanent works for the purpose of getting oil from the field or for the purpose of conveying oil won from the field to a place on land; or
  - (b) winning oil from the field otherwise than in the course of searching for oil or drilling wells;
- and consent for development does not include consent which is limited to the purpose of testing the characteristics of an oil-bearing area and does not relate to the erection or carrying out of permanent works.
- (5) In subsection (4) above " permanent works " means any structures or other works whatsoever which are intended by the licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the licensee to be used only for searching for oil.

### **37 Reliefs for exploration and appraisal expenditure etc.**

- (1) The section set out in Part I of Schedule 8 to this Act shall be inserted in the principal Act after section 5 for the purpose of setting up a new allowance by virtue of which a participator in an oil field may obtain relief for certain expenditure which is incurred otherwise than in connection with that field.
- (2) For the purpose of giving effect to, and in consequence of, the new allowance, the enactments specified in Part II of Schedule 8 to this Act shall have effect subject to the amendments there specified.
- (3) Part III of Schedule 8 to this Act shall have effect with respect to sums received after 15th March 1983 and falling to be set off against expenditure which would otherwise be allowable under section 5 of the principal Act or under the new section set out in Part I of that Schedule.
- (4) In paragraph 1 of Schedule 7 to the principal Act (claims for certain allowances)—
- (a) in sub-paragraph (1) the words from " but may not " to the end of the sub-paragraph (which impose a time limit on claims) shall be, and shall be deemed always to have been, omitted ; and
  - (b) in sub-paragraph (2) the words " within the time allowed for making the original claim " shall be, and shall be deemed always to have been, omitted ;
- and, accordingly, any claim which, immediately before the passing of this Act, could not have been made by virtue of the time bar may be made thereafter.

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

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### **38 Terms of payment to be implied in determining market value**

In paragraph 2 of Schedule 3 to the principal Act (definition of market value of oil) at the end of sub-paragraph (2) (the price under a contract of sale at arm's length) there shall be added the words—

“and, for the avoidance of doubt, it is hereby declared that the terms as to payment which are to be implied in the contract shall be those which are customarily contained in contracts for the sale at arm's length of oil of the kind in question”.

### **39 Exclusion of oil appropriated for production purposes in other fields**

- (1) In section 12(1) of the principal Act (interpretation of Part I) in the definition of "relevantly appropriated" (which, among other matters, excludes oil appropriated for production purposes) after the word "purposes" there shall be added the words "in relation to that or any other oil field".
- (2) This section has effect, and shall be deemed to have had effect, for chargeable periods ending after 31st December 1977.

### **40 Variation of decisions on claims for allowable expenditure**

- (1) At the end of Schedule 5 to the principal Act (allowance of expenditure under section 3 or 4 of that Act) there shall be inserted the following paragraph—
  - “9 (1) If, within the period of three years commencing with the date on which notice of a decision of the Board under paragraph 3 above was given to the responsible person for an oil field, it appears to the Board that the relevant amount was incorrectly stated in the notice, the Board may before the expiry of that period serve on the responsible person a notice stating what appears to the Board to be the correct amount (referred to below as "the notice of variation").
  - (2) In this paragraph "the relevant amount", in relation to a notice of a decision on a claim under paragraph 3 above, means any one or more of the following—
    - (a) the amount of expenditure allowed on the claim;
    - (b) the amount of that expenditure allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act;
    - (c) where different percentages were stated in that notice to apply to different parts of that expenditure for the purpose of calculating the supplement, each of those parts of that expenditure.
  - (3) The responsible person may, by notice in writing given to the Board not more than thirty days after the notice of variation was served on him, appeal to the Special Commissioners against the notice of variation.
  - (4) A notice of appeal under sub-paragraph (3) shall state the grounds on which the appeal is brought.
  - (5) An appeal under this paragraph may at any time be abandoned by notice in writing given to the Board by the responsible person.
  - (6) A notice of variation may be withdrawn at any time before it becomes effective.

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- (7) In any case where—
- (a) the responsible person gives notice of appeal against a notice of variation, and
  - (b) before the appeal is determined by the Special Commissioners, the Board and the responsible person agree as to what the relevant amount ought to be, the notice of variation shall have effect subject to such modifications as may be necessary to give effect to that agreement ; and thereupon the appeal shall be treated as having been abandoned.
- (8) On an appeal against a notice of variation the Special Commissioners may vary the notice, quash the notice or dismiss the appeal; and the notice may be varied whether or not the variation is to the advantage of all or any of the participators in the oil field in question.
- (9) Where a notice of variation relating to a decision on a claim becomes effective, the relevant amount shall be taken for the purposes of this Part of this Act as having been reduced or increased, as the case may require, on the date on which notice of the decision was given, by such amount as may be necessary to give effect to that notice, and the Board may make such computations under section 2 of this Act and such assessments or determinations or such amendments of assessments or determinations as may be necessary in consequence of that reduction or increase.
- (10) A notice of variation becomes effective for the purposes of this paragraph either—
- (a) on the expiry of the period during which notice of appeal against the notice of variation may be given to the Special Commissioners under sub-paragraph (3) above without such notice of appeal being given; or
  - (b) where such notice of appeal is given, when the notice of variation can no longer be varied or quashed by the Special Commissioners or by the order of any court.
- (11) This paragraph has effect in relation to notices of decisions of the Board under paragraph 3 above given after 15th March 1983.”
- (2) In Schedule 6 to the principal Act (allowance of expenditure on claim by participator) at the end of the first column of the Table set out in paragraph 2 (application of provisions of Schedule 5) there shall be added " 9 " .

#### **41 Transfers of interests in fields**

- (1) In sub-paragraph (1) of paragraph 7 of Schedule 17 to the Finance Act 1980 (transfers of unused losses from old participator to new in cases of transfers of interests in fields) for the words " in any chargeable period before the transfer period " there shall be substituted the words " in the transfer period or any earlier chargeable period " .
- (2) In sub-paragraph (2) of that paragraph at the end there shall be added the words " and, for the purposes of effecting such relief, subsection (1) of section 7 shall have effect as if the word " succeeding " were omitted " .
- (3) This section has effect in relation to transfer periods (within the meaning of paragraph 1 of Schedule 17 to the Finance Act 1980) ending after 31st December 1982.

## PART IV

### MISCELLANEOUS AND SUPPLEMENTARY

#### *National insurance surcharge*

#### **42 Reduction of national insurance surcharge**

- (1) In section 1(1) of the National Insurance Surcharge Act 1976 (surcharge on earnings in respect of which secondary Class 1 contributions are payable), for the words " 1 ½ per cent." there shall be substituted the words " 1 per cent " .
- (2) Subject to section 1(2) of the National Insurance Surcharge Act 1982, this section applies with respect to earnings paid on or after 1st August 1983.

#### *Miscellaneous*

#### **43 National savings: supplements**

- (1) Where any sum has been borrowed by the Treasury on terms set out—
  - (a) in the prospectus for Save As You Earn Savings Contracts (Third Issue); or
  - (b) in the prospectus for Index-Linked National Savings Certificates Retirement Issue;
 that prospectus shall (whether the sum was borrowed before or after the passing of this Act) be taken to have included a provision empowering the Treasury to supplement, from time to time, the due amount and requiring any such supplement to be paid on such terms as may be notified by the Treasury in the London, Edinburgh and Belfast Gazettes.
- (2) " The due amount " means—
  - (a) in the case of the prospectus mentioned in subsection (1)(a) above, the amount due under paragraph 7, 8, 9 or 10; and
  - (b) in the case of the other prospectus, the amount due under paragraph 4.

#### **44 Rates of interest for government lending**

- (1) Section 5 of the National Loans Act 1968 (which as set out in section 153 of the Finance Act 1982, provides for 'the determination of rates of interest for government lending) shall be amended in accordance with this section.
- (2) In subsection (5) (withdrawal of determination or approval of rate of interest which no longer fulfils the requirements of the section)—
  - (a) for the words from " approved for " to " not yet made " there shall be substituted the words " approved for a class of loans " ; and
  - (b) for the words from "withdrawn" to the end of the subsection there shall be substituted the words " withdrawn at the earliest convenient time, and, subject to subsection (5A) below, from that or such later time as may be convenient another rate determined or approved in accordance with subsection (3) or, as the case may be, subsection (4) above shall come into force for further loans of that class " .



(3) After subsection (5) there shall be inserted the following subsections: —

“(5A) If, in the case of a loan of any class.—

- (a) an undertaking was given to the person to whom the loan was to be made that the rate of interest which would apply to that loan would be that which, at a time specified in or determined in accordance with the undertaking, was or would be in force for loans of that class, and
- (b) before the loan was in fact made, the determination or approval of that rate of interest was withdrawn by virtue of subsection (5) above or otherwise ceased to be effective,

the rate of interest which applies to that loan shall be that which was in force for loans of that class at the time specified in, or as the case may be determined in accordance with, the undertaking.

(5B) In subsection (5A) above " undertaking " means an undertaking given by the person by whom the loan in question was to be made and, where that person is not the Treasury, given by that person with the consent of the Treasury.”

#### **45 Suspension of certain payments into National Loans Fund in respect of new towns**

(1) Subject to subsection (4) below, the Treasury may, on the recommendation of the Secretary of State, by order specify any new town development loan as a loan the repayment of which to the Secretary of State (and subsequently into the National Loans Fund) is to be suspended by virtue of this section.

(2) Where a loan is specified by an order under subsection (1) above—

- (a) the terms of the loan shall have effect as if any payment by way of repayment of or interest on the loan which (apart from this section) would fall due at any time within the unexpired period for repayment of the loan fell due instead at the corresponding time within the period of the same duration beginning with 1st October 1986; and
- (b) no interest shall accrue in respect of the loan during the period beginning with the coming into force of the order and ending with 30th September 1986.

(3) In this section, " new town development loan " means any sum—

- (a) falling within section 60(a) of the New Towns Act 1981 (sums advanced by Secretary of State to development corporations in England and Wales for the purpose of enabling them to meet expenditure properly chargeable to capital account or to make good to revenue account sums applied in meeting liabilities so chargeable) ; or
- (b) borrowed by the Development Board for Rural Wales under section 9(2)(a) of the Development of Rural Wales Act 1976 (loans by Secretary of State, other than temporary loans) for the purposes of the Board's function in respect of the development of new towns;

and " the unexpired period for repayment of the loan ", in relation to any loan specified by an order under subsection (1) above, means the period beginning with the coming into force of the order and ending with the date which (apart from this section) would be the last date on which any payment by way of repayment of or interest on the loan would fall due under the terms of the loan.

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

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- (4) The aggregate amount of new town development loans specified by order under subsection (1) above shall not exceed £1,250 million.
- (5) The power to make an order under subsection (1) above shall be exercisable by statutory instrument.

#### **46 Historic Buildings and Monuments Commission for England**

- (1) On a claim in that behalf to the Board there shall be allowed in the case of the Historic Buildings and Monuments Commission for England (in this section referred to as "the Commission ") such exemption from tax as falls to be allowed under section 360 of the Taxes Act in the case of a charity the whole income of which is applied to charitable purposes.
- (2) The Commission shall be exempt from tax in respect of all chargeable gains.
- (3) For the purposes of the enactments set out below, the Commission shall be treated as a body of persons established for charitable purposes only: —
  - (a) sections 248(9) and 434(2) of the Taxes Act (covenanted donations to charities);
  - (b) section 54 of the Finance Act 1980 (charitable donations by traders); and
  - (c) section 99 of the Finance Act 1980 and section 129 of the Finance Act 1982 (reliefs from stamp duty).
- (4) Section 24 of the Development Land Tax Act 1976 (exemption of charities) and section 57 of the Finance Act 1977 (exemption of charities from national insurance surcharge) shall have effect as if the Commission were a charity within the meaning of section 360 of the Taxes Act.
- (5) In paragraph 12(1) of Schedule 6 to the Finance Act 1975 (capital transfer tax exemptions) immediately before the entry relating to the National Trust for Places of Historic Interest or Natural Beauty there shall be inserted—

“The Historic Buildings and Monuments Commission for England”.

#### **47 Pre-consolidation amendments**

Schedule 9 to this Act (which contains amendments designed to facilitate, or otherwise desirable in connection with, the consolidations of the law relating to value added tax, the law relating to car tax and the law relating to capital transfer tax) shall have effect.

#### **48 Short title, interpretation, construction and repeals**

- (1) This Act may be cited as the Finance Act 1983.
- (2) In this Act " the Taxes Act" means the Income and Corporation Taxes Act 1970.
- (3) Part II of this Act, 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 the Capital Gains Tax Act 1979.
- (4) Part III of this Act shall be construed as one with Part I of the Oil Taxation Act 1975 and references in Part in to the principal Act are references to that Act.

- (5) The enactments specified in Schedule 10 to this Act 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.