



# Finance Act 1984

## 1984 CHAPTER 43

### PART VI

#### MISCELLANEOUS AND SUPPLEMENTARY

##### *National insurance surcharge*

#### **117 Abolition of national insurance surcharge**

The surcharge payable under the National Insurance Surcharge Act 1976 is hereby abolished—

- (a) with respect to earnings paid on or after 6th April 1985, in the case of secondary Class 1 contributions payable by any of the bodies mentioned in section 143(4) of the Finance Act 1982 ; and
- (b) with respect to earnings paid on or after 1st October 1984, in any other case.

##### *Development land tax*

#### **118 Increase of exemption from £0,000 to £5,000**

With respect to financial years ending after 31st March 1984, in the following provisions of the Development Land Tax Act 1976 (which provide for, or relate to, the exemption for the first £50,000 of realised development value) for " £50,000 ", in each place where it occurs, there shall be substituted " £75,000 " —

- (a) section 12 (the exemption itself); and
- (b) in Part II of Schedule 8 (notification) paragraphs 35(1) and 38(3).

#### **119 Deferred liability**

- (1) In section 19A of the Development Land Tax Act 1976 (which, in the case of certain deemed disposals before 1st April 1984, defers liability to tax in relation to

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development for the owner's use) the words " and before 1st April 1984 " shall be omitted.

(2) In section 27 of that Act (deferred liability for tax) in subsection (2), at the beginning of paragraph (b) (liability to arise at the time of the operative disposal) there shall be inserted the words " except as provided by subsection (2A) below ".

(3) After subsection (2) of the said section 27 there shall be inserted the following subsection:—

“(2A) If the operative disposal does not fall within the period of twelve years beginning on the date of the deemed disposal, any liability for development land tax on the accrued development value shall be extinguished with effect from the expiry of that period.”

(4) At the end of the said section 27 there shall be added the following subsection:—

“(8) The extinguishment of any deferred liability for development land tax on the accrued development value shall not affect the operation of any enactment (whether passed before or after this Act) which, before the liability was extinguished, had effect in relation to that liability or the accrued development value.”

(5) In Schedule 8 to that Act, after paragraph 38 there shall be inserted the following paragraph:—

“38A A person who becomes chargeable to development land tax by virtue of a disposal—

- (a) which is the operative disposal for the purposes of section 27 of this Act or which is a further disposal falling within subsection (5) of that section, and
- (b) of which he is not required to give notice by virtue of any of the preceding provisions of this Part of this Schedule,

shall give notice of it to the Board not later than the end of the financial year following that in which the disposal occurred.”

(6) In that Schedule, in paragraph 41 (penalties) in sub-paragraph (1)(a), after the words " 35(1) or" there shall be inserted the words " paragraph 38A or ".

## **120 Extension of relief for Housing Corporation and registered housing associations**

(1) In section 26 of the Development Land Tax Act 1976 (provisions relating to the Housing Corporation and certain housing associations) in subsection (1) (exemption from tax on realised development value accruing on deemed disposals by approved co-operative housing associations and self-build societies) for paragraphs (a) and (b) there shall be substituted—

- “(a) the Housing Corporation, or
- (b) a registered housing association, or
- (c) an approved co-operative housing association not falling within paragraph (b) above, or
- (d) an unregistered self-build society”;

and for the words " by that association or society " there shall be substituted the words " by that body ".

- (2) In consequence of the amendments made by subsection (1) above, subsection (2) of the said section 26 (cases where tax liability was deferred) and, in subsection (3) of that section, the words " or subsection (2) " shall be omitted.
- (3) This section has effect with respect to deemed disposals on or after 13th March 1984.

## **121 Deduction of tax from consideration for disposals by non residents**

- (1) Section 40 of the Development Land Tax Act 1976 (deduction on account of tax from consideration for disposals by non-residents) shall be amended in accordance with this section.
- (2) In subsection (1) the words " which, at that time, is development land " shall be omitted.
- (3) In subsection (2) (no deduction where consideration does not exceed £50,000) for " £50,000 " there shall be substituted " £75,000 or such other limit as may be specified by regulations under subsection (7) below ".
- (4) In subsection (3) (the amount of the deduction) for the words " one half " there shall be substituted the words " subject to any provision made by regulations under subsection (7) below, two fifths ".
- (5) In subsection (7) (regulations of the Board) in paragraph (b) after the word " vary " there shall be inserted the words " the limit in subsection (2) above or " and after the word " section " there shall be inserted the words " either generally or ".
- (6) Subsection (8) (meaning of " development land") shall be omitted.
- (7) Except in so far as relates to the making of regulations—
  - (a) subsection (3) above has effect in relation to any disposal on or after 1st April 1984 ; and
  - (b) the other provisions of this section have effect in relation to any disposal on or after 6th August 1984.

## **122 Operations relating to telecommunications**

In section 47 of the Development Land Tax Act 1976 (interpretation) in subsection (1A) (which was inserted by section 14 of the Finance (No. 2) Act 1983 and provides that " development does not include certain operations relating to telecommunications which are begun on or before 31st December 1984) the words " are begun on or before 31st December 1984 and " shall be omitted.

## **123 Payment by instalments and postponement**

- (1) For the purpose of extending the period during which development land tax may, in certain cases, be paid by instalments from eight to ten years and of restricting those instalments to annual instalments, the following amendments shall be made in Schedule 8 to the Development Land Tax Act 1976—
  - (a) the word " ten " shall be substituted for the word " eight " , in each of paragraphs 45(5) and (7)(b) and 50(1) and (4), and for the words from " eight " onwards in paragraph 45(2)(b);

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- (b) in paragraph 45(3)(c), for the word " nine " there shall be substituted the word " eleven " ; and
  - (c) in paragraph 44(1) for the words from " instalments " onwards there shall be inserted the words " yearly instalments " .
- (2) In section 114(6)(b) of the Finance Act 1980 (application of paragraph 45 of Schedule 8 to the Act of 1976 in relation to advance assessment of tax on deemed disposals), for the words from " nine years " onwards there shall be substituted the words " ' eleven years ' there were substituted the words ' ten years ' " .
- (3) In paragraph 52 of Schedule 8 to the Act of 1976 (postponement of tax on incorporation disposal), in sub-paragraphs (4) and (6) for the word " eight " there shall be substituted the word " ten " .
- (4) In section 86A of the Taxes Management Act 1970 (interest on development land tax unpaid on reckonable date)—
- (a) in subsection (1), for the words " and (3) " there shall be substituted the words " (3) and (3A) " ; and
  - (b) after subsection (3) there shall be inserted the following subsection—
 

“(3A) Subsection (1) above shall have effect, in relation to any tax postponed under paragraph 52 of Schedule 8 to the Act of 1976 (postponement on incorporation disposal) as if the reference to the reckonable date were a reference to the date determined in accordance with sub-paragraphs (4) to (6) of paragraph 52.”
- (5) This section has effect in relation to disposals made, and events occurring, on or after 6th August 1983 ; but where, in relation to any such disposal made, or event occurring, before the commencement of this section a person has duly elected to pay development land tax by half-yearly instalments he shall be entitled to continue to pay by such instalments and the Act of 1976 shall have effect accordingly.

*Miscellaneous*

**124 Recovery of certain tax assessed on non-residents**

- (1) In paragraph 4 of Schedule 15 to the Finance Act 1973 (provisions supplementing the territorial extension of charge to tax under section 38 of that Act), after sub-paragraph (2) there shall be inserted the following sub-paragraph—
- “(3) A payment in pursuance of a notice under this paragraph shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.”
- (2) After that paragraph, there shall be inserted the following paragraph—
- “4A (1) Subject to the following provisions of this Schedule, the power of the Board under paragraph 4 above to serve a notice in respect of tax remaining unpaid as there mentioned shall also apply where—
- (a) tax is assessed on any person not resident in the United Kingdom as mentioned in paragraph 4(1)(a) or (b) but more than one licence under the Petroleum (Production) Act 1934 is the basis for the assessment; or

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- (b) tax assessed on any such person includes, but is not limited to, tax assessed on him as so mentioned (whether by reference to one or to more than one such licence);
- but in any such case the amount the holder of any licence in question may be required to pay by a notice under that paragraph shall be the amount of the tax remaining unpaid under the assessment which is attributable to the profits or gains in respect of which that licence was the basis for the assessment, together with a corresponding proportion of any interest due as mentioned in paragraph 4(1).
- (2) For the purposes of sub-paragraph (1) above the amount of the tax remaining unpaid under the assessment which is attributable to the profits or gains in respect of which any licence in question was the basis for the assessment is such part of the total amount of that tax as bears to that total amount the same proportion as the proportion borne by the amount of the profits or gains in respect of which that licence was the basis for the assessment to the total amount of the profits or gains in respect of which the assessment was made.”
- (3) In paragraph 6 of that Schedule, after the word " apply " there shall be inserted the words " in relation to the holder of any licence " .
- (4) In paragraph 7 of that Schedule, at the end there shall be added the words " or, if the certificate is cancelled under paragraph 8 below, to any such tax which becomes due after the cancellation of the certificate in respect of profits or gains arising while the certificate is in force (referred to below in this Schedule as pre-cancellation profits or gains) " .
- (5) After paragraph 7 of that Schedule, there shall be inserted the following paragraph—
- “7A (1) Paragraph 7 above is subject to the following provisions of this paragraph in any case where—
- (a) after the cancellation of a certificate issued to the holder of a licence under that paragraph tax is assessed as mentioned in paragraph 4(1)(a) or (b) above on the person who applied for the certificate ; and
- (b) the relevant profits or gains include (but are not limited to) pre-cancellation profits or gains.
- (2) In this paragraph " the relevant profits or gains " means—
- (a) in a case where the amount of the tax remaining unpaid under the assessment which, but for paragraph 7 above, the holder of the licence could be required to pay by a notice under paragraph 4 above (referred to below in this paragraph as the amount otherwise applicable in his case) is the whole of the amount remaining unpaid, all the profits or gains in respect of which the assessment was made; or
- (b) in a case where the amount otherwise applicable in his case falls under paragraph 4A above to be determined by reference to profits or gains in respect of which the licence was the basis for the assessment, the profits or gains in question.
- (3) In any case to which this paragraph applies, the amount the holder of the licence may be required to pay by a notice under paragraph 4 shall be the

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amount otherwise applicable in his case reduced by the amount of the tax remaining unpaid under the assessment which is attributable to the pre-cancellation profits or gains, together with a corresponding proportion of any interest due as mentioned in paragraph 4(1).

- (4) For the purposes of sub-paragraph (3) above the amount of the tax remaining unpaid under the assessment which is attributable to the pre-cancellation profits or gains is such part of the amount otherwise applicable in the case of the holder of the licence as bears to the whole of the amount otherwise so applicable the same proportion as the proportion borne by the amount of the pre-cancellation profits or gains to the total amount of the relevant profits or gains.”

- (6) After paragraph 8 of that Schedule, there shall be inserted the following paragraph—

“8A (1) For the purposes of paragraphs 4A and 7A above and this paragraph, profits or gains in respect of which an assessment is made as mentioned in paragraph 4(1)(a) or (b) above are profits or gains in respect of which any licence in question was the basis for the assessment if those profits or gains fall within paragraph 4(1)(a) or (b) by reference to that licence.

- (2) In determining—

- (a) for the purposes of paragraph 4A(2) or 7A(4) above, the amount of the profits or gains in respect of which any licence was the basis for an assessment; or  
(b) for the purposes of paragraph 7A(4) above, the amount of any pre-cancellation profits or gains;

the Board shall compute that amount as if for the purposes of making a separate assessment in respect of those profits or gains on the person on whom the assessment was made, making all such allocations and apportionments of receipts, expenses, allowances and deductions taken into account or made for the purposes of the actual assessment as appear to the Board to be just and reasonable in the circumstances.

- (3) A notice under paragraph 4 above as it applies by virtue of paragraph 4A or 7A above shall give particulars of the manner in which the amount required to be paid was determined.

- (4) References in paragraphs 4A, 7 and 7A above and in this paragraph to profits or gains include chargeable gains.”

- (7) In section 3(4) of the Oil Taxation Act 1975 (items excluded from allowable expenditure under that section for any oil field)—

- (a) the word " or" at the end of paragraph (d) shall be omitted; and  
(b) after paragraph (e) there shall be inserted the following words—

“or

- (f) any payment made in pursuance of a notice under paragraph 4 of Schedule 15 to the Finance Act 1973 (provisions supplementing the territorial extension of charge to tax under section 38 of that Act).”

- (8) Schedule 15 to the Finance Act 1973 shall apply as modified by subsections (2) and (3) above in any case where a period of thirty days relevant for the purposes of the

service of a notice under paragraph 4 of that Schedule in relation to any tax expires on or after 12th March 1984.

## **125 Local loans**

- (1) For section 4 of the National Loans Act 1968: (power to make local loans) there shall be substituted the following section—

### **“4 Limit for local loans.**

- (1) The aggregate of—
- (a) any commitments of the Loan Commissioners outstanding in respect of undertakings entered into by them to grant local loans; and
  - (b) any amount outstanding in respect of the principal of any local loans ;
- shall not at any time exceed £28,000 million or such other (lower or higher) sum, not exceeding £35,000 million, as the Treasury may from time to time specify by order made by statutory instrument
- (2) No order shall be made under this section unless a draft of it has been laid before and approved by a resolution of the Commons House of Parliament.”

- (2) In section 3 of that Act—
- (a) in subsection (5), the words from " and" to " future Act" shall be omitted ; and
  - (b) in subsection (11), for the words from the beginning to "those " there shall be substituted the words " Subject to the limit in this Act, the Loan Commissioners may make loans of the descriptions " .

## **126 Tax exemptions in relation to designated international organisations**

- (1) Where—
- (a) the United Kingdom or any of the Communities is a member of an international organisation ; and
  - (b) the agreement under which it became a member provides for exemption from tax, in relation to the organisation, of the kind for which provision is made by this section;

the Treasury may, by order made by statutory instrument, designate that organisation for the purposes of this section.

- (2) Where an organisation has been so designated, the provisions mentioned in subsection (3) below shall, with the exception of any which may be excluded by the designation order, apply in relation to that organisation.
- (3) The provisions are—
- (a) a person not resident in the United Kingdom shall not be liable to income tax in respect of income from any security issued by the organisation if he would not be liable but for the fact that—
    - (i) the security or income is issued, made payable or paid in the United Kingdom or in sterling ; or
    - (ii) the organisation maintains an office or other place of business in the United Kingdom ;

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- (b) any security issued by the organisation shall be taken, for the purposes of capital transfer tax and capital gains tax, to be situated outside the United Kingdom; and
- (c) no stamp duty shall be chargeable under the heading " Bearer Instrument" in Schedule 1 to the Stamp Act 1891 on the issue of any instrument by the organisation or on the transfer of the stock constituted by, or transferable by means of, any instrument issued by the organisation.

### **127 Special and General Commissioners**

- (1) Schedule 22 to this Act shall have effect for the purpose of making provision in relation to the Special and General Commissioners.
- (2) This section and Part XIII of Schedule 23 to this Act shall come into operation on such day as the Lord Chancellor may by order made by statutory instrument appoint, and different days may be so appointed for different provisions and for different purposes.

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

- (1) This Act may be cited as the Finance Act 1984.
- (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 III of the Finance Act 1975.
- (5) Part V of this Act shall be construed as one with Part I of the Oil Taxation Act 1975 and references in Part V of this Act to the principal Act are references to that Act.
- (6) The enactments specified in Schedule 23 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.