



Finance Act 1987

1987 CHAPTER 16

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [15th May 1987]

^{XIX2}Most Gracious Sovereign, We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Editorial Information

- X1** The text of ss. 69 and 72(1) was taken from S.I.F. Group 10 (Banking and Currency), ss. 3–5, 72(1) (7), Sch. 16 Pt. II from S.I.F. Group 12:2 (Betting, Gaming and Lotteries: Betting and Gaming Duties), ss. 1, 6–10, 72(1)(7), Sch. 16 Pt. III from S.I.F. Group 40:1 (Customs and Excise: Customs and Excise Duties), ss. 11–19, 72(1)(7), Schs. 2, 16 Pt. IV from S.I.F. Group 40:2 (Customs and Excise: Value Added Tax and Car Tax), ss. 20–46, 61–67, 70(1), 71, 72(1)–(3)(6)(7), Schs. 3–6, 10–15, 16 Pts. V–VII, X from S.I.F. Group 63:1 (Income, Corporation and Capital Gains Taxes: Income and Corporation Taxes), s. 47 from S.I.F. Group 63:2 (Income, Corporation and Capital Gains Taxes: Capital Gains Taxes), ss. 57–60, 70(2), 72(1)(5)(7), Schs. 8, 9, 16 Pt. IX from S.I.F. Group 65 (Inheritance Tax), ss. 68, 72(1)(7) Sch. 16 Pt. XI from S.I.F. Group 99:6 (Public Finance and Economic Controls: Economic Controls), ss. 2, 72(1)(7), Schs. 1, 16 Pt. I from S.I.F. Group 107:2 (Road Traffic: Vehicle Excise Duty) and ss. 48–56, 72(1)(4)(7), Schs. 7, 16 Pt. VIII from S.I.F. Group 114 (Stamp Duty); provisions omitted from SIF have been dealt with as referred to in other commentary.
- X2** General amendments to Tax Acts, Income Tax Acts, and/or Corporation Tax Acts made by legislation after 1.2.1991 are noted against [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#) but not against each Act

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Commencement Information

- II** Act partly in force at Royal Assent, partly retrospective, see individual sections; all provisions so far as unrepealed wholly in force at 1.2.1991. Some provisions came into force at specific times of the day.

PART 1

CUSTOMS AND EXCISE AND VALUE ADDED TAX

CHAPTER I

CUSTOMS AND EXCISE

Duties of excise

1 Unleaded petrol.

- (1) After section 13 of the ^{M1}Hydrocarbon Oil Duties Act 1979 there shall be inserted the following section—

“13A Rebate on unleaded petrol.

- (1) On unleaded petrol charged with the excise duty on hydrocarbon oil and delivered for home use there shall be allowed at the time of delivery a rebate of duty at the rate of £0.0096 a litre.
- (2) For the purposes of this section petrol is “unleaded” if it contains not more than 0.013 grams of lead per litre of petrol or, if the petrol is delivered for home use before 1st April 1990, not more than 0.020 grams of lead per litre of petrol.
- (3) Rebate shall not be allowed under this section in any case where it is allowed under section 14 below.”
- (2) In section 24 of that Act (control of use of duty-free and rebated oil) in subsection (1) (power of Commissioners to make regulations) after the words “section 12” there shall be inserted “ section 13A ”.
- (3) In section 27 of that Act (interpretation) in the definition of “rebate” after the words “section 11” there shall be inserted “ 13A ”.
- (4) This section shall be deemed to have come into force at 6 o’clock in the evening of 17th March 1987.

Marginal Citations

- M1** 1979 c. 5.

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2 Part I Vehicles excise duty.

- ^{F1}(1)
- (2) In Schedule 4 to each of the Acts of 1971 and 1972 (annual rates of duty on goods vehicles)—
- ^{F2}(a) ^{F3}
- (b)
- ^{F1}(3)
- ^{F4}(4)
- ^{F1}(5)
- (6) ^{F5}... section 102 of the ^{M2}Customs and Excise Management Act of 1979, as it applies in relation to licences under the Act of 1971, shall have effect subject to the further amendments in Part III of Schedule 1 to this Act.
- ^{F6}(7)
- ^{F6}(8)

Textual Amendments

- F1** S. 2(1)(3)(5) repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4))
- F2** S. 2(2)(a) repealed (8.11.1993) by S.I. 1993/2452, art. 3, **Sch. 2**
- F3** S. 2(2)(b) repealed by Finance Act 1990 (c. 29, SIF 107:2), s. 132, **Sch. 19 Pt. II** (in relation to licences taken out after 20.3.1990)
- F4** S. 2(4) repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art. 2**.
- F5** Words in s. 2(6) repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4))
- F6** S. 2(7)(8) repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4))

Marginal Citations

- M2** 1979 c. 2.

3 Abolition of general betting duty on on-course bets.

- (1) General betting duty shall not be chargeable on any bet made on or after 29th March 1987 which is an on-course bet within the meaning of Part I of the ^{M3}Betting and Gaming Duties Act 1981 (in this section referred to as “the 1981 Act”) and, accordingly, with respect to bets made on or after that date, section 1 of the 1981 Act (charge to, and rates of, duty) shall be amended as follows—
- (a) in subsection (1) after the words “on any bet” there shall be inserted “ which is not an on-course bet and ”; and
- (b) in subsection (2) the words from the beginning of paragraph (a) to “bet” in paragraph (b) shall be omitted.
- (2) With respect to bets made on or after 29th March 1987 but before the betting commencement date within the meaning of section 6 of the ^{M4}Finance Act 1986, Part III of the ^{M5}Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 (in this section referred to as “the 1972 Act”) (which made separate provision for Northern Ireland corresponding to that made by the 1981 Act and which ceased to have effect

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on the betting commencement date except in relation to bets made before that date) shall be deemed to have been amended as follows—

- (a) in section 16(1) (charge of duty) after the words “on any bet” there shall be inserted “ which is not an on-course bet and ”; and
 - (b) in section 17 (rates of duty) in subsection (1) paragraph (a) and, in paragraph (b), the words from the beginning to “bet” shall be omitted.
- (3) In Schedule 1 to the 1981 Act (supplementary provisions)—
- (a) in paragraph 1 (definitions) at the end of the definition of “general betting business” there shall be added the words “ or would or might involve such sums becoming so payable if on-course bets were not excluded from that duty ”; and
 - (b) in paragraph 2 (power to make regulations for administration of general betting duty) in sub-paragraph (4)(a) after the words “liable for duty” there shall be inserted “ or would be or might be or become liable for duty if on-course bets were not excluded from duty ”.
- (4) The amendments made by subsection (3) above shall be deemed to have come into force on 29th March 1987.
- (5) During the period beginning with 29th March 1987 and ending with the betting commencement date within the meaning of section 6 of the Finance Act 1986, in Schedule 2 to the 1972 Act (supplementary provisions) the references to a business which involves, or may involve, general betting duty becoming payable by any person and the references to any activity by reason of which a person is or may be or become liable for that duty shall be deemed to have included respectively references to a business which would or might involve that duty becoming payable, and to an activity by reason of which a person would be or might be or become liable for that duty, if on-course bets were not excluded from that duty.

Marginal Citations

M3 1981 c. 63.
M4 1986 c. 41.
M5 1972 c. 11 (N.I).

^{F7}4

Textual Amendments

F7 S. 4 repealed (3.5.1994 with effect in accordance with Sch. 3 of the amending Act) by 1994 c. 9, ss. 6, 258, Schs. 3, 26 Pt. II Note

5 Gaming machine licence duty: other amendments.

^{F8}(1)

- (2) In subsection (3) of section 26 of the 1981 Act (which provides that if one or more gaming machines are made available on any premises in such a way that they can be played, any gaming machine anywhere on the premises shall be treated as provided

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for gaming) after the word “and” there shall be inserted “ subject to subsection (3A) below ”.

(3) After subsection (3) of the said section 26 there shall be inserted the following subsection—

“(3A) The Commissioners may by regulations make provision for the purpose of enabling spare gaming machines to be kept on premises for use in the case of the breakdown of other gaming machines on those premises; and such regulations may provide that, in such circumstances and subject to such conditions as may be specified in the regulations, a gaming machine on any premises which is not made available as mentioned in subsection (3) above, or is not in a state in which it can be played, shall not be treated by virtue of that subsection as provided for gaming on those premises.”

^{F8}(4)

^{F8}(5)

Textual Amendments

F8 S. 5(1)(4)(5) repealed (3.5.1994 with effect in accordance with Sch. 3 of the amending Act) by 1994 c. 9, ss. 6, 258, Schs. 3, 26 Pt. II Note

Amendments of the Management Act

^{F9}6

Textual Amendments

F9 S. 6 repealed (1.1.1992) by S.I. 1991/2724, reg. 9

7 Powers of search and access etc. in respect of vehicles. 1979 c. 2.

(1) In section 27 of the Customs and Excise Management Act 1979 (officers’ power of boarding) in subsection (1) for the words from “a vehicle” to “any officer” there shall be substituted “a vehicle is—

- (a) entering, leaving or about to leave the United Kingdom,
- (b) within the prescribed area,
- (c) within the limits of or entering or leaving a port or any land adjacent to a port and occupied wholly or mainly for the purpose of activities carried on at the port,
- (d) at, entering or leaving an aerodrome,
- (e) at, entering or leaving an approved wharf, transit shed, customs warehouse or free zone, or
- (f) at, entering or leaving any such premises as are mentioned in subsection (1) of section 112 below,

any officer ”.

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- (2) In section 28 of that Act (officers' powers of access, etc.) in subsection (1) after the words "any vehicle" there shall be inserted " which falls within paragraphs (a) to (f) of subsection (1) of section 27 above or is ".

8 Local export control.

- (1) In section 58A of the Customs and Excise Management Act 1979 (local export control) at the end of subsection (1) there shall be inserted " and, subject to and to such modifications as may be specified in the directions, this section and section 58D below shall apply in relation to goods which, for the purposes of any Community regulation relating to export refunds or monetary compensatory amounts, are treated as exports as if the supply of the goods were their exportation or, as the case may require, their shipping for exportation ".

- (2) In subsection (3)(b) of that section (conditions for the application of local export control) after the word "shipped" there shall be inserted " for exportation or exported by land ".

- (3) After subsection (7) of that section (power of Commissioners to relax requirements) there shall be inserted—

“(7A) Without prejudice to the powers of the Commissioners under subsection (7) above, they may direct that, in relation to goods of a description specified in the directions which are shipped for exportation or exported by land by an exporter of a description so specified, paragraph (a) of subsection (3) above shall have effect as if—

- (a) in sub-paragraph (i) the words "time and" were omitted; and
 (b) for sub-paragraph (ii) there were substituted—

(ii) at the time that notice is delivered or immediately thereafter, the exporter enters such particulars of the goods and of such other matters as may be required by the directions in a record maintained by him at such place as the proper officer may require; and

(iii) the proper officer informs the exporter that he consents to the removal of the goods; and”

- (4) In section 58D of that Act (operative date for Community purposes) in subsection (2) (b) for the words following "above" there shall be substituted " as set out in section 58A(7A)(b) above, the day entry is made ".

9 Records relating to importation and exportation.

After section 75 of the ^{M6}Customs and Excise Management Act 1979 there shall be inserted the following—

“ Keeping and preservation of records

75A Records relating to importation and exportation.

- (1) Every person who is concerned (in whatever capacity) in the importation or exportation of goods of which an entry or specification is required for that

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purpose by or under this Act shall keep such records as the Commissioners may require.

- (2) The Commissioners may require any records kept in pursuance of this section to be preserved for such period not exceeding four years as they may require.
- (3) The duty under this section to preserve records may be discharged by the preservation of the information contained therein by such means as the Commissioners may approve; and where that information is so preserved a copy of any document forming part of the records shall, subject to the following provisions of this section, be admissible in evidence in any proceedings, whether civil or criminal, to the same extent as the records themselves.
- (4) The Commissioners may, as a condition of an approval under subsection (3) above of any means of preserving information, impose such reasonable requirements as appear to them necessary for securing that the information will be as readily available to them as if the records themselves had been preserved.
- (5) The Commissioners may at any time for reasonable cause revoke or vary the conditions of any approval given under subsection (3) above.
- (6) A statement contained in a document produced by a computer shall not by virtue of subsection (3) above be admissible in evidence—
 - (a) in civil proceedings in England and Wales, except in accordance with sections 5 and 6 of the Civil Evidence Act 1968;
 - (b) in criminal proceedings in England and Wales, except in accordance with sections 68 to 70 of the Police and Criminal Evidence Act 1984;
 - (c) in civil proceedings in Northern Ireland, except in accordance with sections 2 and 3 of the Civil Evidence Act (Northern Ireland) 1971; and
 - (d) in criminal proceedings in Northern Ireland, except in accordance with the said sections 2 and 3, which shall, for the purposes of this section, apply with the necessary modifications to such proceedings.”

Marginal Citations

M6 1979 c. 2.

10 Information powers.

In section 77 of the ^{M7}Customs and Excise Management Act 1979 (information in relation to goods imported, exported or shipped for carriage coastwise) in subsection (1)(a) the words “importation, exportation or” shall be omitted, and after that section there shall be inserted the following section—

“77A Information powers.

- (1) Every person who is concerned (in whatever capacity) in the importation or exportation of goods for which an entry or specification is required for that purpose by or under this Act shall—
 - (a) furnish to the Commissioners, within such time and in such form as they may reasonably require, such information relating to the goods or

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to the importation or exportation as the Commissioners may reasonably specify; and

(b) if so required by an officer, produce or cause to be produced for inspection by the officer—

(i) at the principal place of business of the person upon whom the demand is made or at such other place as the officer may reasonably require, and

(ii) at such time as the officer may reasonably require,

any documents relating to the goods or to the importation or exportation.

(2) Where, by virtue of subsection (1) above, an officer has power to require the production of any documents from any such person as is referred to in that subsection, he shall have the like power to require production of the documents concerned from any other person who appears to the officer to be in possession of them; but where any such other person claims a lien on any document produced by him, the production shall be without prejudice to the lien.

(3) An officer may take copies of, or make extracts from, any document produced under subsection (1) or subsection (2) above.

(4) If it appears to him to be necessary to do so, an officer may, at a reasonable time and for a reasonable period, remove any document produced under subsection (1) or subsection (2) above and shall, on request, provide a receipt for any document so removed; and where a lien is claimed on a document produced under subsection (2) above, the removal of the document under this subsection shall not be regarded as breaking lien.

(5) Where a document removed by an officer under subsection (4) above is reasonably required for the proper conduct of a business, the officer shall, as soon as practicable, provide a copy of the document, free of charge, to the person by whom it was produced or caused to be produced.

(6) Where any documents removed under the powers conferred by this section are lost or damaged, the Commissioners shall be liable to compensate their owner for any expenses reasonably incurred by him in replacing or repairing the documents.

(7) If any person fails to comply with a requirement under this section, he shall be liable on summary conviction to a penalty of level 3 on the standard scale.”

Marginal Citations
M7 1979 c. 2.

CHAPTER II

VALUE ADDED TAX

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Textual Amendments

F10 S. 11 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F11 **12**

Textual Amendments

F11 S. 12 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(2), **Sch. 15**

F12 **13**

Textual Amendments

F12 S. 13 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(2), **Sch. 15**

F13 **14**

Textual Amendments

F13 S. 14 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(2), **Sch. 15**

F14 **15**

Textual Amendments

F14 S. 15 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F15 **16**

Textual Amendments

F15 S. 16 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

F16 **17**

Textual Amendments

F16 S. 17 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

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^{F17}18

Textual Amendments

F17 S. 18 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

^{F18}19

Textual Amendments

F18 S. 19 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

20–39^{F19}

Textual Amendments

F19 Ss. 20–39 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

^{F20}40

Textual Amendments

F20 S. 40 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with Sch. 11 paras. 22, 26(2), 27)

41–46^{F21}

Textual Amendments

F21 Ss. 41–46 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

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CHAPTER II

47 F22

Textual Amendments

F22 S. 47 repealed by Finance Act 1988 (c. 39), s. 148, Sch. 14 Pt. VII Note 2

PART III

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty

48 Unit trusts.

—In section of the ^{M8}Finance Act 1946 and in section 28 of the ^{M9}Finance (No. 2) Act (Northern Ireland) 1946—

(a) for the definition in subsection (1) of “unit trust scheme” there shall be substituted—

““unit trust scheme” has the same meaning as in the Financial Services Act 1986 (but subject to subsection (1A) of this section)”;

(b) in the definition in subsection (1) of “trust instrument”, for the words from “by virtue” to “aforesaid” there shall be substituted the words “ on which the property in question is held ”;

(c) after subsection (1) there shall be inserted—

“(1A) The Treasury may by regulations provide that any scheme of a description specified in the regulations shall be treated as not being a unit trust scheme for the purposes of this Part of this Act.

(1B) Regulations under this section—

(a) may contain such supplementary and transitional provisions as appear to the Treasury to be necessary or expedient, and

(b) shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the House of Commons.”.

Marginal Citations

M8 1946 c. 64.

M9 1946 c. 17 (N.I.)9.

^{F23}49 Contract notes.

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Textual Amendments

- F23** S. 49 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**

50 Warrants to purchase Government stock, etc.

- (1) Where an interest in, a right to an allotment of or to subscribe for, or an option to acquire [^{F24} or to dispose of], exempt securities is transferred to or vested in any person by any instrument, no stamp duty shall be chargeable on the instrument by virtue of [^{F25}Part I, or paragraph 16, of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale or otherwise)]
- (2) No stamp duty under [^{F27}Schedule 15 to the Finance Act 1999 (bearer instruments)] shall be chargeable —
 - (a) on the issue of an instrument which relates to such an interest, right or option as is mentioned in subsection (1) above, or
 - (b) on the transfer of the interest, right or option constituted by, or transferable by means of, such an instrument.
- (3) For the purposes of this section, “exempt securities” means —
 - (a) securities the transfer of which is exempt from all stamp duties,
 - (b) securities constituted by or transferable by means of an instrument the issue of which is by virtue of section 30 of the Finance Act 1967 ^{F28} or section 7 of the Finance Act (Northern Ireland) 1967 ^{F29} [^{F30} or section 79(2) of the Finance Act 1986] exempt from stamp duty under the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891 ^{F31}, or
 - (c) securities the transfer of which is exempt by virtue of section 30 of the Finance Act 1967 or section 7 of the Finance Act (Northern Ireland) 1967 [^{F32} or section 79(2) of the Finance Act 1986] from stamp duty under that heading; and “securities” means stock or marketable securities and includes loan capital as defined in section 78(7) of the Finance Act 1986 ^{F33}.
- (4) ^{F34}
- (5) ^{F34}

Textual Amendments

- F24** S. 50(1) words inserted by 1987 c. 51 s. 99(1)
- F25** Words in s. 50(1) substituted (with effect in accordance with s. 112(6) of the amending Act) by Finance Act 1999 (c. 16) ss. 112(4), 122, {Sch. 14 para. 21}
- F26** 1891 c. 39.
- F27** Words in s. 50(2) substituted (with application in accordance with s. 113(4) of the amending Act) by Finance Act 1999 (c. 16) s. 113(3), {Sch. 16 para. 10}
- F28** 1967 c. 54.
- F29** 1967 c. 20 (N. I.).
- F30** S. 50(3) words inserted by 1987 c. 51 s. 99(2)
- F31** 1891 c. 39.
- F32** S. 50 (3) words inserted by 1987 c. 51 s. 99(2)
- F33** 1986 c. 41.

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F34 S. 50(4)(5) repealed (with effect as mentioned in Sch. 20 Pt. V(2) notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16) s. 138, {Sch. 20 Pt. V(5)}

51

F35

Textual Amendments

F35 S. 51 repealed (with effect as mentioned in Sch. 20 Pt. V(2) notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16) s. 138, {Sch. 20 Pt. 5(5)}

52 Clearance services

- (1) In section 70(6) of the Finance Act 1986 (transfer of securities to clearance system), for the word “relevant” (in each place where it occurs) there shall be substituted the words “shares, stock or other marketable”.
- (2) The amendments made by this section have effect in relation to instruments executed on or after 1st August 1987.

53

F36

Textual Amendments

F36 S. 53 repealed (with effect as mentioned in Sch. 18 Pt. VII note 4 of the amending Act) by Finance Act 1997 (c. 16) s. 113, {Sch. 18 Pt. 7}

54 Shared ownership transactions.

- (1) In section 97 of the ^{M10}Finance Act 1980 (which provides for certain leases to be stamped as conveyances) in subsection (3)(b)—
 - (a) for the words “registered under” there shall be substituted the words “ within the meaning of ”, and
 - (b) for the words “Article 124” there shall be substituted the words “ Part VII ”.
- (2) Section 97 of the Finance Act 1980 and section 108(5) and (6) of the ^{M11}Finance Act 1981 shall apply to a lease within subsection (3) below as they apply to a lease granted by a body mentioned in section 97(3) of the Finance Act 1980.
- (3) A lease is within this subsection if it is granted—
 - (a) by a person against whom the right to buy under Part V of the ^{M12}Housing Act 1985 is exercisable by virtue of section 171A of that Act (preservation of right to buy on disposal to private sector landlord), and
 - (b) to a person who is the qualifying person for the purposes of the preserved right to buy and in relation to whom that dwelling-house is the qualifying dwelling-house.(4) This section applies to leases granted on or after 1st August 1987.

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Marginal Citations

- M10** 1980 c.48.
M11 1981 c.35.
M12 1985 c.68.

55 Crown exemption.

- (1) Where any conveyance, transfer or lease is made or agreed to be made
- [^{F37}(a)] to a Minister of the Crown or
 - [^{F38}(b)] to the solicitor for the affairs of Her Majesty’s Treasury, [^{F39}or
 - [^{F40}(c)] to the National Assembly for Wales,][^{F41}or
 - (d) to the Northern Ireland Assembly Commission]
- no stamp duty shall be chargeable [^{F42}under Part I or II, paragraph 16, of Schedule 13 to the Finance Act 1999] on the instrument by which the conveyance, transfer or lease, or the agreement for it is effected.
- (2) In this section “Minister of the Crown” has the same meaning as in the Ministers of the ^{M13}Crown Act 1975.
- (3) Article 3(6) of the Secretary of State for the ^{M14}Environment Order 1970 and Article 4(5) of the ^{M15}Secretary of State for Transport Order 1976 (which exempt transfers by, to or with those Ministers) shall cease to have effect.
- (4) This section applies to instruments executed on or after 1st August 1987.

Textual Amendments

- F37** S. 55(1): words re-numbered as sub-paragraph (a) (*retrospective* to 28.3.2000 with effect as mentioned in s. 132(4) of the amending Act) by virtue of 2000 c. 17, s. 132(2)(a)
- F38** S. 55(1): words re-numbered as sub-paragraph (b) (*retrospective* to 28.3.2000 with effect as mentioned in s. 132(4) of the amending Act) by virtue of 2000 c. 17, s. 132(2)(b)
- F39** Words in s. 55(1) inserted (1.4.1999) by 1998 c. 38, s. 125, **Sch. 12 para. 25** (with ss. 137(1), 139(2), 143(2)); S.I. 1999/782, **art. 2**
- F40** S. 55(1): words re-numbered as sub-paragraph (c) (*retrospective* to 28.3.2000 with effect as mentioned in s. 132(4) of the amending Act) by virtue of 2000 c. 17, s. 132(2)(c)
- F41** S. 55(1)(d) and the word “or” immediately preceding it inserted (*retrospective* to 28.3.2000 with effect as mentioned in s. 132(4) of the amending Act) by 2000 c. 17, s. 132(3)
- F42** Words in s. 55(1) substituted for the words “by virtue of any of the following headings” to “Lease of Tack”(27.7.1999) by 1999 c. 16, s. 139, **Sch. 14 para. 22**

Modifications etc. (not altering text)

- C1** S. 55 extended (20.5.1999) by c. 46, s. 123 (with s. 126(3)-(11)); S.I. 1998/3178, art. 2(2), **Sch. 4**

Marginal Citations

- M13** 1975 c.26.
M14 S.I. 1970/1681.
M15 S.I. 1976/1775.

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56 Stamp duty reserve tax

Schedule 7 to this Act (which contains miscellaneous amendments of Part IV of the Finance Act 1986^{F43}) shall have effect.

Textual Amendments

F43 1986 c. 41.

PART IV

INHERITANCE TAX

57 Reduced rates of tax.

- (1) In the^{M16}Inheritance Tax Act 1984 (in this Part of this Act referred to as “the 1984 Act”) section 8(1) (indexation of rate bands) shall not apply to chargeable transfers made in the year beginning 6th April 1987.
- (2) For the Table in Schedule 1 to that Act there shall be substituted the Table set out below:

“ TABLE OF RATES OF TAX

Portion of value		Rate of tax
<i>Lower limit</i>	<i>Upper limit</i>	<i>Per cent</i>
£	£	
Lower Limit £	Upper Limit £	Per cent.
0	90,000	Nil
90,000	140,000	30
140,000	220,000	40
220,000	330,000	50
330,000		60”

- (3) Subsection (2) above applies to any chargeable transfer (within the meaning of the 1984 Act) made on or after 17th March 1987.

Marginal Citations

M16 1984 c. 51.

58 Securities, other business property and agricultural property.

- (1) The 1984 Act and Schedule 20 to the Finance Act 1986 (gifts with reservation) shall have effect subject to the amendments in Schedule 8 to this Act, being amendments—

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- (a) making provisions with respect to the treatment for the purposes of the 1984 Act of shares and securities dealt in on the Unlisted Securities Market;
 - (b) making other amendments of Chapter I of Part V of the 1984 Act (business property);
 - (c) making provision with respect to the application to certain transfers of relief under that Chapter and under Chapter II of that Part (agricultural property); and
 - (d) making provision with respect to the payment of tax by instalments.
- (2) Subject to subsection (3) below, Schedule 8 to this Act shall have effect in relation to transfers of value made, and other events occurring, on or after 17th March 1987.
- (3) The amendments of the 1984 Act made by Schedule 8 to this Act shall be disregarded in determining under section 113A(3) or section 113B(3) of the 1984 Act whether any property acquired by the transferee before 17th March 1987 would be relevant business property in relation to a notional transfer of value made on or after that date.

59 Maintenance funds for historic buildings etc.

Schedule 9 to this Act shall have effect.

60 Acceptance in lieu: waiver of interest.

- (1) In section 233 of the 1984 Act (interest on unpaid tax) in subsection (1), at the beginning of the words following paragraph (c) there shall be inserted the words “then, subject to subsection (1A) below”.
- (2) After subsection (1) of that section there shall be inserted the following subsection—
- “(1A) If, under section 230 above, the Board agree to accept property in satisfaction of any tax on terms that the value to be attributed to the property for the purposes of that acceptance is determined as at a date earlier than that on which the property is actually accepted, the terms may provide that the amount of tax which is satisfied by the acceptance of the property shall not carry interest under this section from that date.”
- (3) This section applies in any case where the acceptance referred to in section 230 of the 1984 Act occurs on or after 17th March 1987.

PART V

OIL TAXATION

61 Nomination of disposals and appropriations.

- (1) The provisions of Schedule 10 to this Act shall have effect, being provisions for and in connection with the establishment of a scheme of nominations by participators in oil fields of certain proposed sales, supplies and appropriations of oil.
- (2) Nothing in this section or Schedule 10 to this Act applies—
- (a) to oil which is gaseous at a temperature of 15 degrees centigrade and pressure of one atmosphere; or

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- (b) to oil of a kind which is normally disposed of crude by deliveries in quantities of 25,000 metric tonnes or less; or
- (c) to oil which is excluded from this section by regulations under subsection (8) below;

and references to oil in this section and Schedule 10 to this Act shall be construed accordingly.

- (3) As respects each participator in an oil field, it shall be determined, for each calendar month in a chargeable period beginning with the month of March 1987, whether his aggregate nominated proceeds, as defined in Schedule 10 to this Act, exceed the proceeds of his disposals and appropriations in that month, as defined in subsection (6) below and, if they do, that excess shall be brought into account in accordance with subsection (5) below.
- (4) For each chargeable period of an oil field, “the excess of nominated proceeds for the period”, in relation to a participator in that field, means the sum of the excess (if any) of each of the months in that chargeable period, as determined in his case under subsection (3) above.
- (5) In subsection (5) of section 2 of the principal Act (amounts to be taken into account in determining whether a gross profit or loss accrues to a participator in any chargeable period) at the end of paragraph (d) there shall be added “and”
 - (e) the excess of the nominated proceeds for that period, as defined in section 61 of the Finance Act 1987.”
- (6) In relation to any calendar month, the proceeds of a participator’s disposals and appropriations from an oil field means the total of—
 - (a) the price received or receivable for so much of any oil forming part of his equity production from the field in that month as was disposed of by him crude in sales at arm’s length; and
 - (b) the market value, ascertained in accordance with Schedule 3 to the principal Act, of the rest of his equity production from the field in that month;and in this subsection any reference to a participator’s equity production from an oil field in any month shall be construed in accordance with paragraph 1(2) of Schedule 10 of this Act.
- (7) The Treasury may by regulations made by statutory instrument make provision for any purpose for which regulations described as “Treasury regulations” may be made under Schedule 10 to this Act.
- (8) The Board may by regulations made by statutory instrument make provision, including provision having effect with respect to things done on or after 9th February 1987,—
 - (a) as to oil which is excluded from this section, as mentioned in subsection (2) above; and
 - (b) for any purpose for which regulations, other than those described as “Treasury regulations”, may be made under Schedule 10 to this Act;and regulations made by virtue of paragraph (a) above may amend paragraphs (a) and (b) of subsection (2) above.
- (9) A statutory instrument made in the exercise of the power conferred by subsection (7) of subsection (8) above shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

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Modifications etc. (not altering text)

- C2** Part of the text of s. 61(5) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991
- C3** For regulations see Part III (under “Petroleum Revenue Tax: nomination scheme for disposals and appropriations”)

62 Market value of oil to be determined on a monthly basis.

- (1) In the following provisions of the principal Act (which refer to the market value of oil at the material time in a particular calendar month) the words “at the material time” shall be omitted—
- (a) in section 2 (assessable profits and allowable losses), in subsection (9), paragraphs (a)(i) and (a)(ii);
 - (b) in section 5A (allowance of exploration and appraisal expenditure), subsection (5B);
 - (c) in section 14 (valuation of oil disposed of or appropriated in certain circumstances), subsections (4) and (4A)(b); and
 - (d) in paragraph 2 of Schedule 2 (returns by participators), sub-paragraphs (2)(a)(iii) and (2)(b)(ii).
- (2) In the following provisions of the principal Act (which refer to the market value of stocks of oil at the end of a chargeable period) for the words “at the end” there shall be substituted “in the last calendar month”
- (a) section 2(4)(b);
 - (b) section 2(5)(d); and
 - (c) in Schedule 2, paragraph 2(2)(d)(ii);
- and in the provisions specified in paragraphs (a) and (b) above for the word “then” there shall be substituted “at the end of that period”.
- (3) In Schedule 3 to the principal Act (miscellaneous provisions relating to petroleum revenue tax) paragraphs 2, 2A and 3 (market value of oil) shall be amended in accordance with Part I of Schedule 11 to this Act; and the consequential amendments of the principal Act in Part II of that Schedule shall have effect.
- [^{F44}(4) In any case where paragraph 2 of Schedule 2 to the principal Act requires a participator in any oil field to make a return for any chargeable period (including cases where the latest time for the delivery of that return is deferred), that participator shall also be required, not later than the end of the second month after the end of that chargeable period, to deliver to the Board a return] of all relevant sales of oil (as defined in subsection (6) below) stating—
- (a) the date of the contract of sale;
 - (b) the name of the seller;
 - (c) the name of the buyer;
 - (d) the quantity of oil actually sold and, if it is different, the quantity of oil contracted to be sold;
 - (e) the price receivable for that oil;

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- (f) the date which, under the contract, was the date or, as the case may be, the latest date for delivery of the oil and the date on which the oil was actually delivered; and
 - (g) such other particulars as the Board may prescribe.
- (5) Where two or more companies which are participators in the same oil field are members of the same group of companies, within the meaning of section [F45 413] of the Taxes Act, a return made for the purposes of subsection (4) above by one of them and expressed also to be made on behalf of the other or others shall be treated for the purposes of this section as a return made by each of them.
- (6) For the purposes of the return required by subsection (4) above from a participator in an oil field, a relevant sale of oil is a contract for the sale of oil [F46 at arm's length] to which the participator or any company which is resident in the United Kingdom and associated with the participator for the purposes of section 115(2) of the M17 Finance Act 1984 is a party (as seller, buyer or otherwise), being a sale of oil—
- (a) for delivery at any time during the chargeable period referred to in subsection (4) above; and
 - [F47(b) details of which are not included in a return for the period under paragraph 2 of Schedule 2 to the principal Act which is delivered to the Board at the same time as the return required by subsection (4) above or which was delivered to them previously; and]
 - (c) which is for the delivery of at least 500 metric tonnes of oil; and
 - (d) which is not a contract for the sale of oil consisting of gas of which the largest component by volume over the chargeable period concerned is methane or ethane or a combination of those gases.
- (7) A return under subsection (4) above shall be in such form as the Board may prescribe and shall include a declaration that the return is correct and complete; and if a participator fails to deliver a return under that subsection he shall be liable—
- (a) to a penalty not exceeding £500; and
 - (b) if the failure continues after it has been declared by the court or the Commissioners before whom proceedings for the penalty have been commenced, to a further penalty not exceeding £100 for each day on which the failure so continues;
- except that a participator shall not be liable to a penalty under this subsection if the failure is remedied before proceedings for the recovery of the penalty are commenced.
- (8) Where a participator fraudulently or negligently delivers an incorrect return under subsection (4) above, he shall be liable to a penalty not exceeding £2,500 or, in the case of fraud, £5,000.
- (9) This section has effect with respect to chargeable periods ending after 31st December 1986.

Textual Amendments

- F44** Words in s. 62(4) and the preceding “(4)” substituted (27.7.1999 with effect in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(6)(8)
- F45** Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), Sch. 29 para. 32
- F46** Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(2)(5) for chargeable periods ending after 1 January 1987

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F47 S. 62(6)(b) substituted (27.7.1999 with effect in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(7)(8)

Marginal Citations

M17 1984 c. 43.

63 Blends of oil from two or more fields.

(1) If, at any time prior to its disposal or relevant appropriation, oil won from an oil field is mixed with oil won from another oil field, the provisions of this section shall have effect to determine what is the share of a participator in one of those fields of the oil won from that field in any chargeable period ending after 1st January 1987; [^{F48}and in the following provisions of this section—

- (a) “blended oil” means oil which has been so mixed; and
- (b) “the originating fields” means the oil fields from which the blended oil is derived].

[^{F49}(1A) In this section—

- (a) “oil field” includes an area which is a foreign field for the purposes of section 12 of the Oil Taxation Act 1983;
- (b) “oil” includes any substance which would be oil if the enactments mentioned in section 1(1) of the principal Act extended to such an area as is referred to in paragraph (a) above;
- (c) “blended oil” means oil which has been mixed as mentioned in subsection (1) above; and
- (d) “the originating fields”, in relation to any blended oil, means the oil fields from which the blended oil is derived.]

(2) If, for the purposes of commerce, blended oil is allocated to the participators in the originating fields in accordance with an agreed method, then, subject to the following provisions of this section, for the purposes of the oil taxation legislation, the blended oil which, in accordance with that method, is allocated to a participator in one of the originating fields in respect of any chargeable period shall be taken to be that participator’s share of the oil won from that field in that period.

(3) With respect to any blended oil, each of the participators in the originating fields (either jointly or individually) shall, not later than 1st August 1987 or, if it is later, not later than thirty days after the date on which the first allocation is made in accordance with a particular method falling within subsection (2) above, furnish to the Board for the purposes of this section such details as may be prescribed with respect to that method and to the blended oil concerned; and if any participator fails to comply with this subsection he shall be liable—

- (a) to a penalty not exceeding £500; and
- (b) if the failure continues after it has been declared by the court or the Commissioners before whom proceedings for the penalty have been commenced, to a further penalty not exceeding £100 for each day on which the failure so continues;

except that a participator shall not be liable to a penalty under this subsection if the failure is remedied before proceedings for the recovery of the penalty are commenced.

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- (4) Where a participator in an oil field fraudulently or negligently furnishes any incorrect details for the purposes of this section, he shall be liable to a penalty not exceeding £2,500 or, in the case of fraud, £5,000.
- (5) If, at any time after details with respect to a method of allocation have been furnished to the Board in accordance with subsection (3) above,—
 - (a) that method is in any respect changed, or
 - (b) there is a material change of any kind in the quantity or quality of any of the oil which makes up the blended oil,any allocation made after that change shall be taken to be made in accordance with a new method of allocation.
- (6) The provisions of Schedule 12 to this Act shall have effect for supplementing this section.
- (7) In this section—
 - (a) “the oil taxation legislation” means Part I of the principal Act and any enactment construed as one with that Part; and
 - (b) “prescribed” means prescribed by the Board, whether before or after the passing of this Act.

Textual Amendments

- F48** Words repealed by [Finance \(No. 2\) Act 1987 \(c. 51, SIF 63:1\)](#), [ss. 101\(3\)\(5\), 104\(4\)](#) and Sch. 9 Part V for chargeable periods ending after 1 January 1987
- F49** [Finance \(No. 2\) Act 1987 \(c. 51, SIF 63:1\)](#), [s. 101\(3\)\(5\)](#) for chargeable periods ending after 1 January 1987

64 Relief for research expenditure.

- (1) The section set out in Part I of Schedule 13 to this Act shall be inserted in the principal Act after section 5A for the purpose of setting up a new allowance by virtue of which a participator in an oil field may obtain relief for certain research 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 13 to this Act shall have effect subject to the amendments there specified.
- (3) Part III of Schedule 13 to this Act shall have effect with respect to sums falling to be set off against expenditure which would otherwise be allowable under the new section set out in Part I of that Schedule.

65 Cross-field allowance of certain expenditure incurred on new fields.

- (1) Where an election is made by a participator in an oil field (in this section referred to as “the receiving field”), up to 10 per cent. of certain expenditure incurred on or after 17th March 1987 in connection with another field, being a field which is for the purposes of this section a relevant new field, shall be allowable in accordance with this section in respect of the receiving field; and in the following provisions of this section the relevant new field in connection with which the expenditure was incurred is referred to as “the field of origin”.

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- (2) An election under this section may be made only in respect of expenditure which—
- (a) was incurred by the participator making the election or, if that participator is a body corporate, by an associated company; and
 - (b) as regards the field of origin, is allowable under section 3 or section 4 of the principal Act or section 3 of the ^{M18}Oil Taxation Act 1983; and
 - (c) as regards the field of origin, has been allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii) of the principal Act (in the following provisions of this section referred to as “supplement”); and
 - (d) is not expenditure falling within subsection (1) of section 5A of the principal Act (allowance of exploration and appraisal expenditure);
- and Part I of Schedule 14 to this Act shall have effect with respect to elections under this section.
- (3) A participator may not make an election under this section in respect of expenditure which was incurred before the date which is his qualifying date, within the meaning of section 113 of the ^{M19}Finance Act 1984 (restriction of PRT reliefs), in relation to the receiving field unless that date falls before the end of the first chargeable period in relation to that field.
- (4) Where, by virtue of an election by a participator under this section, an amount of expenditure is allowable in respect of the receiving field, it shall be allowable as follows—
- (a) it shall be taken into account in that assessment to tax or determination relating to a chargeable period of the receiving field which is specified in Part II of Schedule 14 to this Act; and
 - (b) it shall be so taken into account under subsection (8) of section 2 of the principal Act (allowable expenditure etc.) as if, for the chargeable period in question, it were an addition to the sum mentioned in paragraph (a) of that subsection; and
 - (c) it shall be excluded in determining for the purposes of section 111(2) of the ^{M20}Finance Act 1981 (restriction of expenditure supplement) whether any, and if so what, assessable profit or allowable loss accrues to the participator in any chargeable period of the receiving field.
- (5) Where, by virtue of an election by a participator under this section, an amount of expenditure is allowable in respect of the receiving field, that amount shall be disregarded in determining, as regards the field of origin, the amounts referred to (in relation to the participator or the associated company, as the case may be) in paragraph (b) or paragraph (c) of subsection (9) of section 2 of the principal Act (allowable expenditure and supplement thereon).
- (6) In Schedule 14 to this Act—
- (a) Part III has effect to determine for the purposes of this section what is a relevant new field and who is an associated company of a participator making an election;
 - (b) Part IV contains provisions supplemental to and consequential upon the allowance of expenditure by virtue of an election under this section, including provisions applicable where a notice of variation is served in respect of expenditure which is already the subject of such an election;
 - (c) “the receiving field” and “the field of origin” have the meaning assigned by subsection (1) above;

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- (d) “the principal section” means this section;
- (e) “election” means an election under this section; and
- (f) “supplement” has the meaning assigned by subsection (2)(c) above.

Marginal Citations

- M18** 1983 c. 56.
- M19** 1984 c. 43.
- M20** 1981 c. 35.

66 Oil allowance: adjustment for final periods.

- (1) For the purposes of this section—
 - (a) “the final allocation period”, in relation to an oil field, means the chargeable period of that field in which section 8(6)(b) of the principal Act applies (the earliest chargeable period in which oil allowance is subject to “the necessary restriction” in order to confine it within the overall maximum); and
 - (b) “the penultimate period”, in relation to an oil field, means the chargeable period of that field which immediately precedes the final allocation period;and any reference in this section to the two final periods is a reference to the final allocation period and the penultimate period.
- (2) The following provisions of this section apply if the responsible person gives notice to the Board (in this section referred to as an “apportionment notice”) specifying the manner in which the oil allowance for the field is to be apportioned between the participators in each of the two final periods, being a manner designed—
 - (a) to produce, so far as practicable, the result specified in subsection (4) below, being a result which, in the circumstances of the case, could not be achieved under section 8(6)(b) of the principal Act; and
 - (b) to secure that adjustments in a participator’s share of the oil allowance are made in the final allocation period in preference to the penultimate period.
- (3) An apportionment notice shall be of no effect unless—
 - (a) it is given not later than six months after the expiry of the final allocation period; and
 - (b) not later than the date of the notice the responsible person notifies the Board in accordance with paragraph (b) of subsection (6) of section 8 of the principal Act of the manner in which the necessary restriction, as defined in that subsection, is to be apportioned between the participators; and
 - (c) it specifies a period for each of paragraphs (a) and (b) of subsection (4) below; and
 - (d) it contains such information as the Board may prescribe for the purpose of showing how, or to what extent, the apportionment of the oil allowance achieves the result specified in subsection (4) below.
- (4) The result referred to in subsection (2) above is that the respective shares of the oil allowance utilised by each of two or more participators specified in the apportionment notice bear to each other the same proportion as their respective shares in oil won and saved from the field and, for this purpose—

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- (a) a participator's share of the oil allowance means the total amount of the allowance utilised by him over the period specified for the purpose of this paragraph in the apportionment notice; and
 - (b) a participator's share in oil won and saved from the field means the total of the oil included in his share of oil won and saved from the field (as specified in returns under Schedule 2 to the principal Act) over the period specified for the purposes of this paragraph in the apportionment notice, being a period which includes that specified for the purposes of paragraph (a) above.
- (5) If the Board are satisfied that an apportionment notice complies with subsections (2) to (4) above, they shall give notice to the responsible person accepting the apportionment notice and, on the giving of that notice—
- (a) the apportionment specified in the apportionment notice shall, as respects the two final periods, have effect as if it were the apportionment resulting from section 8(2) of the principal Act; and
 - (b) all such amendments of assessments to tax and determinations shall be made as may be necessary in consequence of paragraph (a) above.
- (6) If the Board are not satisfied that an apportionment notice complies with subsections (2) to (4) above, they shall give notice to the responsible person rejecting the apportionment notice and, where the Board give such a notice, the responsible person may, by notice in writing given to the Board within thirty days after the date of the notice of rejection, appeal to the Special Commissioners against the notice.
- (7) Where notice of appeal is given under subsection (6) above—
- (a) if, at any time after the giving of the notice and before the determination of the appeal by the Commissioners, the Board and the appellant agree that the apportionment notice should be accepted or withdrawn or varied, the same consequences shall ensue as if the Commissioners had determined the appeal to that effect;
 - (b) if, on the hearing of the appeal, it appears to the majority of the Commissioners present at the hearing that the apportionment notice should be accepted, with or without modifications, they shall allow the appeal and, where appropriate, make such modifications of the apportionment specified in the notice as they think fit; and
 - (c) where the appeal is allowed, subsection (5) above shall apply as if the apportionment notice (subject to any modifications made by the Commissioners) had been accepted by the Board.
- (8) Sub-paragraphs (2), (8) and (11) of paragraph 14 of Schedule 2 to the principal Act shall apply in relation to an appeal against a notice of rejection under subsection (6) above as they apply in relation to an appeal against an assessment or determination made under that Act, construing any reference in those provisions to the participator as a reference to the responsible person by whom notice of appeal is given.
- (9) This section applies where the final allocation period ends on or after 30th June 1987.

67 Variation of decisions on claims for allowable expenditure.

In Schedule 7 to the principal Act (claim for allowance of certain exploration expenditure etc.) at the end of the Table set out in paragraph 1(3) (which applies the provisions of Schedule 5 specified in the first column of the Table with the modifications specified in the second column) there shall be added—

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“9	In sub-paragraph (2) omit paragraphs (b) and (c), in sub-paragraph (8) for the reference to all or any of the participators substitute a reference to the participator by whom the claim is made and in sub-paragraph (11) for “after 15th March 1983” substitute “ on or after 17th March 1987 ”.”
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Modifications etc. (not altering text)

C4 Part of the text of s. 67 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

PART VI

MISCELLANEOUS AND SUPPLEMENTARY

68 Abolition of enactments relating to exchange control.

- (1) The ^{M21}Exchange Control Act 1947 shall cease to have effect.
- (2) Nothing in subsection (1) above affects the power of the Treasury to issue a certificate under subsection (2) of section 18 of that Act (including that subsection as applied by section 28(3) or section 29(3) of that Act) with respect to acts done before 13th December 1979.
- ^{F50}(3)
- (4) Subsections (1) and (2) above extend to the Channel Islands and the Isle of Man.

Textual Amendments

F50 S. 68(3) repealed (6.3.1992 with effect as mentioned in s. 289(1) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch.12](#) (with [Sch. 11 paras. 22, 26\(2\), 27](#))

Marginal Citations

M21 1947 c. 14.

69 Regulation of financial dealings.

In section 2 of the ^{M22}Banking and Financial Dealings Act 1971 (power of Treasury to suspend financial dealings)—

- (a) at the end of paragraph (c) of subsection (1) (power to suspend dealings in gold) there shall be added “ or, according as may be specified in the order, gold of such kind as may be so specified ”; and
- (b) in subsection (6) for the definition beginning “foreign currency” there shall be substituted—

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““foreign currency” means any currency other than sterling and any units of account defined by reference to more than one currency (whether or not including sterling); and

“gold” includes gold coin, gold bullion and gold wafers.”

Marginal Citations

M22 1971 c. 80.

70 Arrangements specified in Orders in Council relating to double taxation relief etc.

(1) **F51**

(2) In section 158 of the ^{M23}Inheritance Tax Act 1984 (double taxation conventions) after subsection (1) there shall be inserted the following subsection—

“(1A) Without prejudice to the generality of subsection (1) above, if it appears to Her Majesty to be appropriate, the arrangements specified in an Order in Council under this section may include provisions with respect to the exchange of information necessary for carrying out the domestic laws of the United Kingdom and the laws of the territory to which the arrangements relate concerning taxes covered by the arrangements including, in particular, provisions about the prevention of fiscal evasion with respect to those taxes; and where arrangements do include any such provisions, the declaration in the Order in Council shall state that fact.”

Textual Amendments

F51 S. 70(1) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 31**

Marginal Citations

M23 1984 c. 51.

71 **F52**

Textual Amendments

F52 S. 71 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#)

72 Short title, interpretation, construction and repeals.

(1) This Act may be cited as the Finance Act 1987.

(2) In this Act “the Taxes Act” means the ^{M24}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

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the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the ^{M25}Capital Gains Tax Act 1979.

- (4) Part III of this Act, except section 56 and Schedule 7, shall be construed as one with the ^{M26}Stamp Act 1891.
- (5) In Part IV of this Act “the 1984 Act” means the ^{M27}Inheritance Tax Act 1984.
- (6) Part V of this Act shall be construed as one with Part I of the ^{M28}Oil Taxation Act 1975 and in that Part “the principal Act” means that Act.
- (7) The enactments specified in Schedule 16 to this Act (which include enactments which are spent or otherwise unnecessary) 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.

Marginal Citations

M24 1970 c. 10.

M25 1979 c. 14.

M26 1891 c. 39.

M27 1984 c. 51.

M28 1975 c. 22.

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SCHEDULES

SCHEDULE 1

VEHICLES EXCISE DUTY

PART I F53

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Textual Amendments

F53 Sch. 1 Pts. I, II para. 3 repealed by Finance Act 1990 (c. 29, SIF 107:2), s. 132, **Sch. 19 Pt. II** (in relation to licences taken out after 20.3.1990)

PART II

RECOVERY VEHICLES

Interpretation

1 ^{F54}

.....

Textual Amendments

F54 Sch. 1 Pt. II para. 1 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

^{F55}2

.....

Textual Amendments

F55 Sch. 1 Pt. II para. 2 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

3 ^{F56}

.....

Textual Amendments

F56 Sch. 1 Pts. I, II para. 3 repealed by Finance Act 1990 (c. 29, SIF 107:2), s. 132, **Sch. 19 Pt. II** (in relation to licences taken out after 20.3.1990)

4 ^{F57}

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Textual Amendments

F57 Sch. 1 Pt. II para. 4 repealed by Finance Act 1989 (c. 26, SIF 107:2), s. 187(1), **Sch. 17 Pt. II** (in relation to licences taken out after 14.3.1989)

Exclusion of recovery vehicles from trade licences

F58₅

Textual Amendments

F58 Sch. 1 Pt. II para. 5 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F59₆

Textual Amendments

F59 Sch. 1 para. 6 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

PART III

MISCELLANEOUS AMENDMENTS

Introductory

F60₇

Textual Amendments

F60 Sch. 1 Pt. III para. 7 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

Additional liability for evasion of duty

F61₈

Textual Amendments

F61 Sch. 1 Pt. III para. 8 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F62₉

Textual Amendments

F62 Sch. 1 para. 9 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

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F63¹⁰

Textual Amendments

F63 Sch. 1 Pt. III para. 10 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F64¹¹

Textual Amendments

F64 Sch. 1 para. 11 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

F65¹²

Textual Amendments

F65 Sch. 1 Pt. III para. 12 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F66¹³

Textual Amendments

F66 Sch. 1 para. 13 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

Offences relating to trade licences

F67¹⁴

Textual Amendments

F67 Sch. 1 Pt. III para. 14 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F68¹⁵

Textual Amendments

F68 Sch. 1 para. 15 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

Regulations concerning transfer etc. of vehicles

F69¹⁶

Textual Amendments

F69 Sch. 1 Pt. III para. 16 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

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F70 17

Textual Amendments

F70 Sch. 1 para. 17 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

Increase of certain penalties for offences under regulations

F71 18

Textual Amendments

F71 Sch. 1 Pt. III para. 18 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I**

F72 19

Textual Amendments

F72 Sch. 1 para. 19 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

Dishonoured cheques

20 In subsection (3) of section 102 of the ^{M29}Customs and Excise Management Act 1979 (penalty for failure to deliver up excise licence following dishonour of cheque) after paragraph (a) there shall be inserted the following paragraph—

- “(aa) where the licence is a licence under the Vehicles (Excise) Act 1971, a penalty of whichever is the greater of—
- (i) level 3 on the standard scale, or
 - (ii) an amount equal to five times the annual rate of duty that was payable on the grant of the licence or would have been so payable if it had been taken out for a period of twelve months.”

Marginal Citations

M29 1979 c. 2.

F73 21

Textual Amendments

F73 Sch. 1 para. 21 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art.2**.

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F74 SCHEDULE 2

Section 19(2).

Textual Amendments

F74 Sch. 2 repealed (1.9.1994 with effect as mentioned in s. 101(1) of the amending Act) by 1994 c. 23, s. 100(2)

SCHEDULES 3–

6.
F76

Textual Amendments

F76 Schs. 3–6 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 31

SCHEDULE 7

Section 56.

STAMP DUTY RESERVE TAX

1 Part IV of the Finance Act 1986 F77 shall be amended in accordance with the following provisions of this Schedule.

Textual Amendments

F77 1986 c. 41.

Principal charge

2 (1) In section 87, after subsection (7) there shall be inserted —

“(7A) Where there would be no charge to tax under this section in relation to some of the chargeable securities to which the agreement between A and B relates if separate agreements had been made between them for the transfer of those securities and for the transfer of the remainder, this section shall have effect as if such separate agreements had been made.

(7B) This section shall have effect in relation to a person to whom the chargeable securities are transferred by way of security for a loan to B as it has effect in relation to a nominee of B.”.

(2) This paragraph shall be deemed always to have had effect.

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Renounceable letters of allotment, etc.

- 3 (1) In section 88(3)(a), after the words “subsection (2)” there shall be inserted the words “the words 'the expiry of the period of two months beginning with' and”.
- (2) This paragraph shall have effect in relation to agreements made on or after 1st August 1987.

Market makers in options

4 F78

Textual Amendments

F78 Sch. 7 para. 4 repealed (with effect in accordance with s. 102 of the repealing Act) by [Finance Act 1997 \(c. 16\)](#), s. 113, {Sch. 18 Pt. 7 Note 7}

Clearance services

- 5 (1) In section 90, for subsection (5) there shall be substituted —
- “(5) Section 87 above shall not apply as regards an agreement to transfer securities which the Board are satisfied are held, when the agreement is made, by a person within subsection (6) below.
- (6) A person is within this subsection if his business is exclusively that of holding shares, stock or other marketable securities —
- (a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of shares, stock or other marketable securities, and
 - (b) for the purpose of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that); and in this subsection, 'marketable securities' shall be construed in accordance with section 122(1) of the Stamp Act 1891 .”

(2) This paragraph shall be deemed always to have had effect.

Commencement Information

I2 1891 c. 39.

Charities etc.

- 6 (1) In section 90, at the end there shall be added —
- “(7) Section 87 above shall not apply as regards an agreement to transfer securities to —
- (a) a body of persons established for charitable purposes only, or
 - (b) the trustees of a trust so established, or
 - (c) the Trustees of the National Heritage Memorial Fund, or

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(d) the Historic Buildings and Monuments Commission for England.”

(2) This paragraph shall be deemed always to have had effect.

Interest on tax repayments

7 (1) In section 92, after subsection (4) there shall be inserted —

“(4A) Interest paid under subsection (2) above shall not constitute income for any tax purposes.”

(2) This paragraph shall be deemed always to have had effect.

SCHEDULE 8

Section 58.

SECURITIES, OTHER BUSINESS PROPERTY AND AGRICULTURAL PROPERTY

1 In section 10 of the 1984 Act (dispositions not intended to confer gratuitous benefit) in subsection (2) for the words from “shares” to “stock exchange” there shall be substituted “ unquoted shares or unquoted debentures ”.

2 In section 98 of the 1984 Act (effect of alterations of capital, etc.) in subsection (1) —

- (a) in paragraph (a) for the words from “shares” onwards there shall be substituted “ quoted shares or quoted securities ”;
- (b) in paragraph (b) for the words from “shares” onwards there shall be substituted “ unquoted shares in or unquoted debentures of a close company ”; and
- (c) for the words “shares or debentures not so quoted” there shall be substituted “ unquoted shares or unquoted debentures ”.

3 In section 100 of the 1984 Act (alterations of capital where participators are trustees) in subsection (1)(c) for the words from “shares” onwards there shall be substituted “ unquoted shares in or unquoted securities of the close company ”.

4 In section 104 of the 1984 Act (relief for business property) in subsection (1)(a) for the words “or (b)” there shall be substituted “ (b) or (bb) ”.

F79 5

Textual Amendments

F79 Sch. 8 paras. 5-7 repealed (29.4.1996 with application as mentioned in ss. 184(6)(b), 185(6) of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. VI, Notes 1, 2

F80 6

Textual Amendments

F80 Sch. 8 paras. 5-7 repealed (29.4.1996 with application as mentioned in ss. 184(6)(b), 185(6) of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. VI, Notes 1, 2

F81 7

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Textual Amendments

F81 Sch. 8 paras. 5-7 repealed (29.4.1996 with effect in accordance with s. 184(6)(b) of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. VI notes 1, 2

- 8 (1) In section 113A of the 1984 Act (application of relief for business property to transfers made within seven years before death of transferor) in subsection (3) at the beginning of paragraph (b) there shall be inserted the words “ except to the extent that the original property consists of shares or securities to which subsection (3A) below applies ”.
- (2) After subsection (3) of that section there shall be inserted the following subsection—
- “(3A) This subsection applies to shares or securities—
- (a) which were quoted at the time of the chargeable transfer referred to in subsection (1) or subsection (2) above; or
- (b) which fell within paragraph (b) of section 105(1) above in relation to that transfer and were unquoted throughout the period referred to in subsection (3)(a) above.”
- 9 In section 124A of the 1984 Act (application of agricultural relief to transfers within seven years before death of transferor) in subsection (6) for the words following paragraph (b) there shall be substituted “ his period of ownership of the original property shall be treated as including his period of ownership of the shares. ”
- 10 In section 136 of the 1984 Act (transactions of close companies) in subsection (1) (b) for the words “shares quoted on a recognised stock exchange” there shall be substituted “ quoted shares ” and for the words “shares in or debentures of the company which are not so quoted” there shall be substituted “ unquoted shares in or unquoted debentures of the company ”.
- 11 In section 140(2) of the 1984 Act (market value for purposes of Chapter IV of Part IV) in paragraph (b) for the words from “shares” to “exchange” there shall be substituted “ unquoted shares ”.
- 12 (1) In section 168 of the 1984 Act (unquoted shares and securities) in subsection (1) before the word “securities” where it first occurs, there shall be inserted “ unquoted ”.
- (2) Subsection (2) of that section shall be omitted.
- 13 (1) In section 178 of the 1984 Act (sale of shares etc. from deceased’s estate) in subsection (1), in the definition of “qualifying investments”, for the words from “at the date” to “exchange” there shall be substituted “ are quoted at the date of the death in question ”.
- (2) In subsection (2) of that section—
- (a) after the words “quotation on a recognised stock exchange” there shall be inserted “ or dealing in the Unlisted Securities Market ”, and
- (b) the words “on a recognised stock exchange”, in the second place where they occur, shall be omitted.
- 14 In section 180 of the 1984 Act (effect of purchases) in subsection (3) after the word “exchange” there shall be inserted “ or separately dealt in on the Unlisted Securities Market ”.

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- 15 (1) In section 227 of the 1984 Act (payment by instalments) for subsection (1A) there shall be substituted the following subsection—
- “(1A) Subsection (1) above does not apply to—
- (a) tax payable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, or
- (b) additional tax becoming payable on the value transferred by any chargeable transfer by reason of the transferor’s death within seven years of the transfer, except to the extent that the tax is attributable to the value of property which satisfies one of the conditions specified in subsection (1C) below and, in the case of property consisting of unquoted shares or unquoted securities, the further condition specified in section 228(3A) below.”
- (2) In subsection (1B) of that section for the words “subsection (1A) above” there shall be substituted “this section”.
- (3) After subsection (1B) of that section there shall be inserted the following subsection—
- “(1C) The conditions referred to in subsection (1A) above are—
- (a) that the property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor (or, if earlier, the death of the transferee), or
- (b) that for the purposes of determining the tax, or additional tax, due by reason of the death of the transferor, the value of the property is reduced in accordance with the provisions of Chapter I or Chapter II of Part V of this Act by virtue of section 113B or section 124B above.”
- 16 (1) In section 228 of the 1984 Act (shares etc. within section 227) in subsection (1) for the words “not falling under paragraph (a) above and not quoted on a recognised stock exchange”, in each place where they occur, there shall be substituted “which do not fall under paragraph (a) above and are unquoted”.
- (2) After subsection (3) of that section there shall be inserted the following subsection—
- “(3A) The further condition referred to in section 227(1A) above is that the shares or securities remained unquoted throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor (or if earlier, the death of the transferee).”
- 17 In section 272 of the 1984 Act (general interpretation) after the definition of “purchaser” there shall be inserted—
- ““quoted”, in relation to any shares or securities, means quoted on a recognised stock exchange or dealt in on the Unlisted Securities Market and “unquoted”, in relation to any shares or securities, means neither so quoted nor so dealt in”.
- 18 (1) In Schedule 20 to the ^{M30}Finance Act 1986 (gifts with reservation) paragraph 8 (agricultural and business property) shall be amended as follows.
- (2) In sub-paragraph (1) for the word “Where” there shall be substituted “This paragraph applies where” and the words from “then” onwards shall be omitted.

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(3) After sub-paragraph (1) there shall be inserted the following sub-paragraph—

“(1A) Where this paragraph applies—

- (a) any question whether, on the material transfer of value, any shares or securities fall within paragraph (b) or paragraph (bb) of section 105(1) of the 1984 Act (which specify shares and securities qualifying for 50 per cent. relief) shall be determined, subject to the following provisions of this paragraph, as if the shares or securities were owned by the donor and had been owned by him since the disposal by way of gift; and
- (b) subject to paragraph (a) above, any question whether, on the material transfer of value, relief is available by virtue of Chapter I or Chapter II of Part V of the 1984 Act and, if relief is available by virtue of Chapter II, what is the appropriate percentage for that relief, shall be determined, subject to the following provisions of this paragraph, as if, so far as it is attributable to the property comprised in the gift, that transfer were a transfer of value by the donee.”

(4) In sub-paragraph (2) for the words “sub-paragraph (1)” there shall be substituted “sub-paragraph (1A)(b)”.

(5) In sub-paragraph (3)—

- (a) for the words “that sub-paragraph shall not apply” there shall be substituted “relief shall not be available by virtue of Chapter II of Part V of the 1984 Act on the material transfer of value”; and
- (b) for the words “by virtue of sub-paragraph (1) above” there shall be substituted “by virtue of sub-paragraph (1A)(b) above”.

Marginal Citations

M30 1986 c. 41.

SCHEDULE 9

Section 59.

MAINTENANCE FUNDS FOR HISTORIC BUILDINGS ETC.

1 The following section shall be inserted after section 57 of the ^{M31}Inheritance Tax Act 1984—

“57A Relief where property enters maintenance fund.

- (1) Subject to the following provisions, subsection (2) below applies where—
 - (a) a person dies who immediately before his death was beneficially entitled to an interest in possession in property comprised in a settlement, and
 - (b) within two years after his death the property becomes held on trusts (whether of that or another settlement) by virtue of which a direction under paragraph 1 of Schedule 4 to this Act is given in respect of the property.

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- (2) Where this subsection applies, this Act shall have effect as if the property had on the death of the deceased become subject to the trusts referred to in subsection (1)(b) above; and accordingly no disposition or other event occurring between the date of the death and the date on which the property becomes subject to those trusts shall, so far as it relates to the property, be a transfer of value or otherwise constitute an occasion for a charge to tax.
- (3) Where property becomes held on trusts of the kind specified in paragraph (b) of subsection (1) above as the result of proceedings before a court and could not have become so held without such proceedings, that paragraph shall have effect as if it referred to three years instead of two.
- (4) Subsection (2) above shall not apply if—
- (a) the disposition by which the property becomes held on the trusts referred to in subsection (1)(b) above depends on a condition or is defeasible; or
 - (b) the property which becomes held on those trusts is itself an interest in settled property; or
 - (c) the trustees who hold the property on those trusts have, for a consideration in money or money's worth, acquired an interest under a settlement in which the property was comprised immediately before the death of the person referred to in subsection (1)(a) above or at any time thereafter; or
 - (d) the property which becomes held on those trusts does so for a consideration in money or money's worth, or is acquired by the trustees for such a consideration, or has at any time since the death of the person referred to in subsection (1)(a) above been acquired by any other person for such a consideration.
- (5) If the value of the property when it becomes held on the trusts referred to in subsection (1)(b) above is lower than so much of the value transferred on the death of the person referred to in subsection (1)(a) as is attributable to the property, subsection (2) above shall apply to the property only to the extent of the lower value.
- (6) For the purposes of this section, a person shall be treated as acquiring property for a consideration in money or money's worth if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that or other property.”

Marginal Citations

M31 1984 c. 51.

- 2 At the end of paragraph 3 of Schedule 4 to the 1984 Act there shall be added—
- “(5A) In the case of property which, if a direction is given under paragraph 1 above, will be property to which paragraph 15A below applies, subparagraph (1)(b) above shall have effect as if for the reference to the settlor there were substituted a reference to either the settlor or the person referred to in paragraph 15A(2).”.
- 3 After paragraph 15 of that Schedule there shall be inserted—

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“ Maintenance fund following interest in possession

- 15A (1) In relation to settled property to which this paragraph applies, the provisions of this Part of this Schedule shall have effect with the modifications set out in the following sub-paragraphs.
- (2) This paragraph applies to property which become property to which paragraph 8 above applies on the occasion of a transfer of value which was made by a person beneficially entitled to an interest in possession in the property, and which (so far as the value transferred by it was attributable to the property)—
- (a) was an exempt transfer by virtue of the combined effect of either—
- (i) sections 27 and 57(5) of this Act, or
- (ii) sections 27 and 57A of this Act, and
- (b) would but for those sections have been a chargeable transfer; and in the following sub-paragraphs “the person entitled to the interest in possession” means the person above referred to.
- (3) Paragraph 9(2) shall have effect as if for the reference to the settlor there were substituted a reference to either the settlor or the person entitled to the interest in possession.
- (4) Paragraph 10 shall not apply if the person entitled to the interest in possession had died at or before the time when the property become property to which paragraph 8 above applies; and in any other case shall have effect with the substitution in sub-paragraph (1) of the following words for the words from “on becoming”—
- (a) on becoming property to which the person entitled to the interest in possession is beneficially entitled, or
- (b) on becoming—
- (i) property to which that person’s spouse is beneficially entitled, or
- (ii) property to which that person’s widow or widower is beneficially entitled if that person has died in the two years preceding the time when it becomes such property;
- but paragraph (b) above applies only where the spouse, widow or widower would have become beneficially entitled to the property on the termination of the interest in possession had the property not then become property to which paragraph 8 above applies.
- (5) Paragraph 11 shall not apply.
- (6) Sub-paragraphs (1) to (3) of paragraph 14 shall have effect as if for the references to the settlor there were substituted references to the person entitled to the interest in possession.
- (7) Sub-paragraph (4) of paragraph 14 shall have effect with the insertion after paragraph (b) of the words “and(c) was, in relation to either of those settlements, property to which paragraph 15A below applied,”

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and with the substitution for the words from “settlor shall” onwards of the words “person entitled to the interest in possession shall, if the Board so determine, be construed as references to the person who was the settlor in relation to the current settlement.”.

- (8) Sub-paragraph (5) of paragraph 14 shall have effect with the insertion after paragraph (b) of the words “and (c) was, in relation to any of those settlements, property to which paragraph 15A below applied,”,

and with the substitution for the words from “settlor shall” onwards of the words “person entitled to the interest in possession shall, if the Board so determine, be construed as references to any person selected by them who was the settlor in relation to any of the previous settlements or the current settlement.”

- (9) Except in a case where the Board have made a determination under sub-paragraph (4) or (5) of paragraph 14, sub-paragraphs (6) and (7) of that paragraph shall have effect as if for the references to the settlor there were substituted references to the person entitled to the interest in possession.

- (10) Sub-paragraph (9) of paragraph 14 shall have effect with the substitution for the words “(if the settlement was made on death)” of the words “(if the person entitled to the interest in possession had died at or before the time when the property became property to which paragraph 8 applies)”.

- 4 Paragraph 1 above shall have effect in relation to deaths occurring on or after 17th March 1987.
- 5 Paragraph 2 above shall have effect in relation to directions given on or after 17th March 1987.
- 6 Paragraph 3 above shall have effect where the occasion of the charge or potential charge to tax under paragraph 8 of Schedule 4 to the 1984 Act falls on or after 17th March 1987.

SCHEDULE 10

NOMINATION SCHEME FOR DISPOSALS AND APPROPRIATION

Modifications etc. (not altering text)

- C5** For regulations supplementing and modifying Sch. 10 for certain cases see Part III (under “Petroleum Revenue Tax: nomination scheme for disposals and appropriations”)

Interpretation

- 1 (1) In this Schedule—
 “month” means calendar month;
 “nominal volume” shall be construed in accordance with paragraph 7 below;

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“nominated price” shall be construed in accordance with paragraph 6 below;

“nominated” means a nomination made in such manner as may be prescribed by regulations made by the Board;

“proposed sale”, “proposed supply” and “proposed appropriations” shall be construed in accordance with paragraphs (a) to (c) of sub-paragraph (1) of paragraph 2 below;

“proposed delivery month” shall be construed in accordance with paragraph 3 below;

“proposed transaction” means one falling within paragraph 2(1) below;

“regulations made by the Board” means regulations under section 61(8) of this Act; and

“Treasury regulations” means regulations under 61(7) of this Act.

- (2) For the purposes of this Schedule, a participator’s equity production from an oil field in any month is his share of the oil won from the field which, in that month, is either delivered or relevantly appropriated, other than oil which is delivered to the Secretary of State pursuant to a notice served by him.

- [^{F82}(3) Where an amount of oil is required to be delivered to the Secretary of State pursuant to a notice served by him, any oil which is inadvertently delivered to him in excess of the amount required shall be treated for the purposes of sub-paragraph (2) above as delivered pursuant to the notice.]

Textual Amendments

- F82** Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 1 for calendar months in chargeable periods beginning with March 1987

Transactions which may be nominated

- 2 (1) The proposed transactions which may be nominated by a participator in an oil field for the purposes of this Schedule are—
- (a) proposed sales at arms’s length by the participator of specified quantities of oil for delivery from that oil field; and
 - (b) proposed supplies by the participator (being a company) to another company which is associated with the participator of specified quantities of oil for delivery from that oil field for use for refining either by that other company or by a third company associated with the participator; and
 - (c) proposed relevant appropriations by the participator of specified quantities of oil won from that field; and
 - (d) any other proposed transactions specified for the purposes of this sub-paragraph by Treasury regulations;
- and two companies are associated with each other for the purposes of paragraph (b) above if they would be so associated for the purposes of section 115(2) of the ^{M32}Finance Act 1984.
- (2) Where a proposed sale is nominated before a contract of sale comes into being, any reference in this Schedule to the contract of sale is a reference to the subsequent contract for the sale of oil in accordance with the terms of the nomination; and,

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accordingly, if no such contract of sale comes into being, the nomination of the proposed sale shall be of no effect.

- (3) A participator may not nominate a proposed sale if—
- (a) under the terms of the contract of sale as originally entered into, the party undertaking to sell the oil is someone other than the participator; or
 - (b) it is of a description prescribed for the purposes of this sub-paragraph by regulations made by the board.

Modifications etc. (not altering text)

C6 See S.I. 1987 No. 1338 (in Part III) regns. 4–6—composite nominations

Marginal Citations

M32 1984 c. 43.

Period for which nomination has effect

- 3
- (1) Subject to sub-paragraph (3) below, a nomination shall have effect with respect to proposed deliveries and appropriations of oil in one month only and, accordingly, where a nomination is of a proposed sale and the contract of sale provides for the supply of oil in more than one month, the nominations shall be effective only in relation to oil proposed to be delivered in the month for which the nomination has effect.
 - (2) Subject to sub-paragraph (3) below, in relation to a nomination, “the proposed delivery month” means the month for which the nomination has effect in accordance with sub-paragraph (1) above.
 - (3) In relation to a contract of sale of a description specified in the regulations, regulations made by the Board may permit a nomination of a proposed sale for each of a number of months and, in relation to such a nomination, this Schedule shall have effect subject to such modifications as may be prescribed in the regulations.

Timing of nominations

- 4
- (1) Subject to [^{F83}sub-paragraphs (2) and (2A)] below, a nomination shall be effective only if it is made not later than five o’clock in the afternoon of the second business day following the date which in relation to a proposed transaction of that description, is prescribed as the transaction base date.
 - (2) Sub-paragraph (1) above does not apply to a nomination made on or before 16th February 1987 which specified a proposed transaction having a transaction base date earlier than 12th February 1987.
- [^{F84}(2A) Where the proposed transaction has a transaction base date later than 31st December 1993, sub-paragraph (1) above has effect with the substitution for the reference to the second business day of a reference to the first business day.]
- (3) The transaction base date prescribed for a proposed sale may be a date earlier than the date on which a legally binding agreement for the sale of the oil in question comes into being but may not be later than the date on which there is an agreed price at which any oil which is to be delivered pursuant to the contract of sale will be sold.

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(4) In this paragraph—

- (a) “business day” has the same meaning as in the ^{M33}Bills of Exchange Act 1882;
- (b) “prescribed” means prescribed by regulations made by the Board.

Textual Amendments

F83 Words in Sch. 10 para. 4(1) substituted (3.5.1994) by 1994 c. 9, s. 235(3)(a)

F84 Sch. 10 para. 4(2A) inserted (3.5.1994) by 1994 c. 9 s. 235(3)(b)

Modifications etc. (not altering text)

C7 See S.I. 1987 No. 1338 (in Part III) regns. 7 and 8 for prescription of the transaction base date for various purposes

Marginal Citations

M33 1882 c. 61.

Content of nomination

- 5 (1) A nomination of a proposed transaction shall not be effective unless it specifies, with respect to that transaction,—
- (a) the name of the participator;
 - (b) [^{F85}in the case of a proposed sale], the name of the person to whom the oil is to be [^{F85}sold];
 - (c) the field from which the oil is to be delivered or relevantly appropriated;
 - (d) the nominated price of the oil to be supplied or relevantly appropriated;
 - (e) the nominal volume of that oil;
 - (f) the proposed delivery month;
 - (g) the transaction base date; and
 - (h) such other information as may be prescribed by the Board.
- (2) A nomination shall include a declaration that it is correct and complete and, in the case of a nomination of a proposed sale which is made before the contract of sale comes into being, shall also include a declaration that, to the best of the knowledge and belief of the participator making the nomination, a contract of sale will come into being in accordance with the terms of the nomination.
- (3) Where a participator fraudulently or negligently furnishes any incorrect information or makes any incorrect declaration in or in connection with a nomination he shall be liable to a penalty not exceeding £50,000 or, in the case of fraud, £100,000 [^{F86}and the nomination shall not be effective].

Textual Amendments

F85 Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 2(1) for calendar months in chargeable periods beginning with March 1987

F86 Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 2(2) for calendar months in chargeable periods beginning with March 1987

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Modifications etc. (not altering text)

- C8** See S.I. 1987 No. 1338 (in Part III) regn. 3 for the manner of making nominations and regns. 6 and 20 for the modification of para. 5(1) in the case of composite nominations and blended oil respectively

Nominated price

- 6 (1) Subject to sub-paragraph (3) below, in the case of a proposed sale, the “nominated price”, in relation to the oil which is to be delivered pursuant to the sale, is the price specified in the contract of sale (expressed as a unit price) or, as the case may be, the formula under which, in accordance with the contract, the price for that oil (as so expressed) is to be determined.
- (2) Subject to sub-paragraph (3) below, in the case of a proposed supply or proposed appropriation, the “nominated price” of the oil concerned means the market value of that oil, ascertained in accordance with Schedule 3 to the principal Act and expressed as a unit price; and for the purposes of paragraph 5(d) above a statement that the nominated price of oil is its “market value” shall be sufficient.
- (3) Treasury regulations may—
- (a) vary the meaning of “nominated price” in relation to a proposed sale, supply or appropriation and, for that purpose, amend sub-paragraph (1) or sub-paragraph (2) above; and
 - (b) make provision as to the meaning of “nominated price” in relation to a proposed transaction falling within paragraph 2(1)(d) above.

Modifications etc. (not altering text)

- C9** See S.I. 1987 No. 1338 (in Part III) regn. 18 for conversion of nominated price into sterling

Nominal volume

- 7 (1) Subject to sub-paragraph (3) below, in the case of a proposed sale, the nominal volume means the quantity of oil which it is proposed should be delivered under the contract of sale in the proposed delivery month.
- (2) Subject to sub-paragraph (3) below, in the case of a proposed supply or proposed appropriation, the nominal volume means the quantity of oil which the participator making the nomination proposes to supply or relevantly appropriate (as the case may be) in the proposed delivery month.
- (3) In the case of any proposed transaction, the nominal volume means the quantity of oil expressed in such manner as may be prescribed by regulations made by the Board.
- (4) In any case where—
- (a) apart from this sub-paragraph, the nominal volume in any proposed transaction would be expressed as a specific volume of oil, plus or minus a particular tolerance, and
 - (b) that tolerance exceeds the limits prescribed for the purposes of this Schedule by regulations made by the Board,
- the nominal volume shall for those purposes be taken to be the specific volume referred to in paragraph (a) above, plus or minus the maximum tolerance permitted by the regulations.

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- (5) Where a nominal volume is expressed as a specific volume of oil, plus or minus a tolerance, any reference in paragraph 9 below to the maximum nominal volume or the minimum nominal volume is a reference to that specific volume of oil, plus or minus the tolerance respectively.

Modifications etc. (not altering text)

C10 See S.I. 1987 No. 1338 (in Part III) regn. 9

Revision of nominations

- 8 (1) Except as provided by this paragraph, a nomination may not be amended or withdrawn.
- (2) If a participator who has made a nomination of a proposed sale does not, in whole or in part, fulfil his obligations under the contract of sale by the delivery of oil forming part of his equity production for the proposed delivery month, then, in accordance with regulations made by the Board, he may amend or withdraw the nomination if in his opinion—
- (a) there was good commercial reasons for the failure to fulfil those obligations; or
 - (b) the failure was occasioned by circumstances over which neither he nor any person connected or associated with him had control.
- [^{F87}(2A) If a participator who has made a nomination of a proposed supply, proposed appropriation or a proposed transaction falling within paragraph 2(1)(d) above fails, in whole or in part, to supply, to appropriate or otherwise to complete the proposed transaction by the delivery or appropriation of oil forming part of his equity production for the proposed delivery month, then, in accordance with regulations made by the Board, he may amend or withdraw the nomination as mentioned in sub-paragraph (2B) below.
- (2B) The circumstances in which, in a case falling within sub-paragraph (2A) above, a participator may amend or withdraw a nomination are,—
- (a) in the case of a nomination of a proposed supply or proposed appropriation, if the participator is of the opinion that the failure referred to in that sub-paragraph was caused by circumstances over which neither he nor any person connected or associated with him had control; or
 - (b) in the case of a nomination of a proposed transaction falling within paragraph 2(1)(d) above, in such circumstances as may be prescribed by regulations made by the Board; or
 - (c) in any case where the nomination is of a proposed supply or proposed appropriation and the participator is either the field operator or the operator of a relevant system, if the participator is of the opinion that the failure referred to in sub-paragraph (2A) above was caused by action necessarily taken by him in the interests of safety or the prevention of pollution or in accordance with good oil field practice.
- (2C) In relation to such a nomination as is referred to in subparagraph (2B)(c) above,—
- (a) a participator is the field operator if, in relation to the field specified in the nomination, he is the person having the function of organising or supervising

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operations for searching or boring for or getting oil in pursuance of a licence;
and

- (b) the expression “relevant system” is applicable only where the oil to which the nomination relates is blended oil and is a reference to any system by which blended oil (in relation to which the field specified in the nomination is one of the originating fields) is transported, treated or stored prior to its disposal or relevant appropriation; and
- (c) a participator in an oil field is an operator of a relevant system, as defined above, if he is the person charged, or principally charged, with the operation of the system;

and expressions used in paragraph (b) above have the same meaning as in section 63 of this Act.]

- (3) An amendment or withdrawal of a nomination by a participator in accordance with [F87the preceding provisions of this paragraph] above shall not be effective unless the Board give notice to the participator that the amendment or withdrawal is accepted, and the Board shall not give such a notice unless they are satisfied—
 - (a) as to the matters mentioned in either paragraph (a) or paragraph (b) of sub-paragraph (2) above [F87or, where sub-paragraph (2B) above applies, that the failure was caused as mentioned in paragraph (a) or paragraph (c) of that sub-paragraph or that the circumstances prescribed for the purposes of paragraph (b) of that sub-paragraph exist]; and
 - (b) [F87except where sub-paragraph (2)(b) or sub-paragraph (2B)(a)] above applies, that the failure was not part of a scheme or arrangement the main purpose of which was the avoidance of tax.
- (4) For the purposes of sub-paragraph (2)(b) [F88and sub-paragraph (2B)] above,—
 - (a) section [F88839] of the Taxes Act (connected persons) applies; and
 - (b) two companies of which one is a participator in an oil field are associated with each other if one has control over the other or both are under the control of the same person or persons;
 and in paragraph (b) above “control” shall be construed in accordance with section [F88416] of the Taxes Act.
- (5) Where a nomination is amended in accordance with this paragraph, the [F87provisions of this Schedule (other than this paragraph)] shall apply in relation to it subject to such modifications as may be specified in regulations made by the Board.

Textual Amendments

F87 Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 3 for calendar months in chargeable periods beginning with March 1987

F88 Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), Sch. 29 para. 32

Modifications etc. (not altering text)

C11 See S.I. 1987 No. 1338 (in Part III) regns. 11–17

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Effective volume for nominated transactions

- 9 (1) The provisions of this paragraph have effect to determine, in relation to each nominated transaction, what is the effective volume of oil.
- (2) In relation to a proposed sale where the nominal volume is expressed as mentioned in paragraph 7(5) above and oil is in fact delivered under the contract of sale, the effective volume is whichever is the greater of—
- (a) the minimum nominal volume; and
 - (b) so much of the total volume of oil actually delivered under the contract as does not exceed the maximum nominal volume.
- (3) In relation to any proposed sale which does not fall within sub-paragraph (2) above, the effective volume shall be taken to be the nominal volume.
- [^{F89}(4) In relation to a proposed supply or proposed appropriation where the nominal volume is expressed as mentioned in paragraph 7(5) above and oil is in fact supplied or, as the case may be, relevantly appropriated as proposed in the nomination, the effective volume is whichever is the greater of—
- (a) the minimum nominal volume; and
 - (b) so much of the total volume of oil supplied or relevantly appropriated as does not exceed the maximum nominal volume.
- (5) in relation to a proposed supply or proposed appropriation which does not fall within sub-paragraph (4) above, the effective volume is the nominal volume.]

Textual Amendments

F89 Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 3 for calendar months in chargeable periods beginning with March 1987

Aggregate effective volume for a month

- 10 (1) Subject to the provisions of this paragraph, for each month the aggregate effective volume of a participator's nominated transactions is the sum of the effective volumes of all of the proposed transactions nominated by him for that month.
- (2) If a participator's aggregate effective volume for any month, as determined under sub-paragraph (1) above, would exceed his equity production for that month—
- (a) his nominated transactions for that month shall be taken to be reduced by cancelling later nominations in priority to earlier ones until the cancellation of the next nominated transaction would produce an aggregate effective volume less than the participator's equity production; and
 - (b) the effective volume of the latest remaining nominated transaction shall be taken to be reduced so far as necessary to secure that the aggregate effective volume is equal to the participator's equity production.

Aggregate nominated proceeds for a month

- 11 (1) For each month, a participator's aggregate nominated proceeds for the purposes of section 61 of this Act is the sum of—
- (a) the proceeds of each nominated transaction falling within sub-paragraph (2) below; and

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- (b) [^{F90}Subject to sub-paragraph (1A) below] the market value of any excess falling within sub-paragraph (3) below.

[^{F90}(1A) If for any month—

- (a) a participator has made a nomination of a proposed sale, and
(b) he has an excess falling within sub-paragraph (3) below,

then for that month the reference in sub-paragraph (1)(b) above to the market value of the excess shall be construed as a reference to the market value multiplied by the designated fraction for that month.]

- (2) [^{F90}Subject to [^{F91}sub-paragraphs (2A) and (2B)] below] for each nominated transaction, the effective volume of which forms part of the participator's aggregate effective volume for the month, as defined in paragraph 10 above, the proceeds of the transaction means the effective volume multiplied by the nominated price.

[^{F90}(2A) In the case of a nominated transaction consisting of a proposed supply or proposed appropriation, the proceeds of the transaction shall not have the meaning assigned by sub-paragraph (2) above unless the participator satisfies the Board—

- (a) that the whole of the effective volume of oil has been or is to be used for refining as mentioned in paragraph 2(1)(b) above or, as the case may be, has been or is to be relevantly appropriated; or
(b) that, in so far as any of the effective volume of oil has not been or is not to be so used or appropriated, that is occasioned by circumstances over which neither the participator nor any company associated with him, as mentioned in paragraph 2(1) above, has (or had at any material time) control;

and if the Board are not so satisfied with respect to any such nominated transaction, the proceeds of that transaction means the market value (determined in accordance with Schedule 3 to the principal Act) of the effective volume of oil, multiplied by the designated fraction for the month in question.]

[^{F92}(2B) In the case of a nominated transaction which is a disposal to which subsection (5A) of section 2 of the principal Act applies, for the amount which, apart from this sub-paragraph, would be the nominated price for the purposes of sub-paragraph (2) above there shall be substituted the amount which, under that subsection, is deemed to be the price received or receivable for the oil in question.]

- (3) If the participator's equity production for a month exceeds his aggregate effective volume for that month, as defined in paragraph 10 above, the market value of the excess shall be determined in accordance with Schedule 3 to the principal Act.
(4) The reference in sub-paragraph (2) above to the nominated price is a reference to that price expressed in sterling; and regulations made by the Board shall make provision with respect to the conversion into sterling of any nominated price which is expressed in a currency other than sterling.

[^{F90}(5) For any month the designated fraction is such fraction as may be specified for the purposes of that month by order made by the Treasury.

(6) An order under sub-paragraph (5) above—

- (a) shall not specify a fraction smaller than unity or greater than $\frac{3}{2}$;
(b) may be made to have effect for any month in the chargeable period in which falls the date on which the order is made (whether that month begins before, on or after that date);

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- (c) If it has effect for a month earlier than the date on which it is made, may contain such transitional provisions as the Treasury consider appropriate; and
- (d) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

- F90** Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5)(6) and Sch. 8 para. 5 for chargeable periods ending after a day to be appointed
- F91** Words in Sch. 10 para. 11(2) substituted (3.5.1994) by 1994 c. 9, s. 235(4)
- F92** Sch. 10 para. 11(2B) inserted (3.5.1994) by 1994 c. 9, s. 235(4)

Blended oil

12 ^{F93}(1) If a person is a participator in two or more oil fields which, in relation to any blended oil, are or are included among the originating fields, then, in accordance with regulations made by the Board, he may make a nomination, having effect with respect to all the originating fields in which he is a participator, of a proposed sale, supply or appropriation of the blended oil]; and the preceding provisions of this Schedule shall have effect in relation to such a nomination subject to such modifications as may be prescribed by regulations made by the Board.

^{F93}(2) In sub-paragraph (1) above “blended oil” and “the originating fields” have the same meaning as in section 63 of this Act.]

Textual Amendments

- F93** Finance (No. 2) Act 1987 (c. 51, SIF 63:1), s. 101(1)(5) and Sch. 8 para. 6 for calendar months in chargeable periods beginning with March 1987

Modifications etc. (not altering text)

- C12** See S.I. 1987 No. 1338 (in Part III) regn. 19
- C13** See S.I. 1987 No. 1338 (in Part III) regn. 20

Returns

13 In paragraph 2 of Schedule 2 to the principal Act (returns by participators) at the end of sub-paragraph (3) there shall be inserted the following sub-paragraph—

“(3A) A return under this paragraph for a chargeable period shall—

- (a) state the amount (if any) which, in the case of the participator, is to be brought into account for that period in accordance with section 2(5)(e) of this Act;
- (b) contain such particulars as the Board may prescribe (whether before or after the passing of the Finance Act 1987) with respect to any nominated transaction under Schedule 10 to that Act—
 - (i) the effective volume of which forms part of the participator’s aggregate effective volume (construing those terms in accordance with that Schedule) for any calendar month comprised in that chargeable period; and

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- (ii) which has not led to deliveries of oil or relevant appropriations of which particulars are included in the return by virtue of sub-paragraph (2) above; and
- (c) contain such other particulars as the Board may prescribe (as mentioned above) in connection with the application of section 61 of and Schedule 10 to the Finance Act 1987.”

Modifications etc. (not altering text)

C14 Part of the text of Sch. 10 para. 13 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

SCHEDULE 11

MARKET VALUE OF OIL

PART I

AMENDMENTS OF PARAGRAPHS 2, 2A AND 3 OF SCHEDULE 3 TO PRINCIPAL ACT

- 1 (1) Paragraph 2 of Schedule 3 (definition of market value of oil) shall be amended in accordance with this paragraph.
- (2) For sub-paragraph (1) there shall be substituted—
 - “(1) The market value of any oil in any calendar month shall be determined for the purposes of this Part of this Act in accordance with this paragraph.”
- (3) In sub-paragraph (2) for the words from the beginning to “to be delivered” in paragraph (b) there shall be substituted—
 - “(2) Subject to the following provisions of this paragraph, the market value of any oil in a calendar month (in this paragraph referred to as “the relevant month”) is the price at which oil of that kind might reasonably have been expected to be sold under a contract of sale satisfying the following conditions—
 - (a) the contract is for the sale of the oil at arm’s length to a willing buyer;
 - (b) the contract is for the delivery of the oil at a time in the relevant month;
 - (c) the contract is entered into within the period beginning at the beginning of the month preceding the relevant month and ending on the middle day of the relevant month or, if the Treasury by order so direct, within such other period as may be specified in the order;
 - (d) the contract requires the oil to have been subjected to appropriate initial treatment before delivery;
 - (e) the contract requires the oil to be delivered”.
- (4) In sub-paragraph (2), paragraph (c) shall become paragraph (f) and shall be amended as follows—

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- (a) for the words “as at a particular time” there shall be substituted “ as in a particular month ”; and
 - (b) for the words “as at that time” there shall be substituted “ as in that month ”.
- (5) At the end of sub-paragraph (2) there shall be added the words “ and, for the purposes of paragraph (c) above, the middle day of a month containing an even number of days shall be taken to be the last day of the first half of the month, and the power to make an order under that paragraph shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament. ”
- (6) After sub-paragraph (2) there shall be inserted the following sub-paragraphs—
- “(2A) For the purpose of sub-paragraph (2) above, the price of any oil in a calendar month shall be determined, subject to sub-paragraphs (2B) and (2C) below, by taking the average of the prices under actual contracts for the sale of oil of that kind—
- (a) which are contracts for the sale of oil by a participator in an oil field or by a company which, for the purposes of section 115(2) of the Finance Act 1984, is associated with such a participator; and
 - (b) which, subject to sub-paragraph (2B) below, satisfy the conditions in paragraphs (a) to (e) of sub-paragraph (2) above; and
 - (c) which do not contain terms as to payment which differ from those customarily contained in contracts for the sale at arm’s length of oil of the kind in question.
- (2B) For the purposes of sub-paragraph (2A)(b) above, a contract shall be treated as fulfilling the condition in paragraph (c) of sub-paragraph (2) above if it contains provisions under which the price for oil to be delivered in the relevant month either is determined or subject to review in the period relevant for the purposes of that paragraph or is determined by reference to other prices which are themselves determined in that period, being prices for oil to be delivered in the relevant month.
- (2C) The average referred to in sub-paragraph (2A) above shall be determined—
- (a) by establishing an average price for oil of the kind in question for each business day within the period relevant for the purposes of sub-paragraph (2)(c) above; and
 - (b) by taking the arithmetic mean of the average prices so established; and in this sub-paragraph “business day” has the same meaning as in the Bills of Exchange Act 1882.
- (2D) If or in so far as the Board are satisfied that it is impracticable or inappropriate to determine for the purposes of sub-paragraph (2) above the price of any oil in a calendar month as mentioned in sub-paragraph (2A) above (whether by virtue of an insufficiency of contracts satisfying the conditions or of information relating to such contracts or by virtue of the nature of the market for oil of the kind in question or for any other reason), that price shall be determined,—
- (a) so far as it is practicable and appropriate to do so by reference to such other contracts (whether or not relating to oil of the same kind) and in accordance with the principles in sub-paragraph (2C) above; and

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- (b) so far as it is not practicable or appropriate to determine it as mentioned in paragraph (a) above, in such other manner as appears to the Board to be appropriate in the circumstances.”

(7) In sub-paragraph (3)—

- (a) for the words “as at a particular time” there shall be substituted “ as in a particular month ”;
- (b) the words “at that time”, where they first occur, shall be omitted;
- (c) after the words “was disposed of” there shall be inserted “ in that month ”;
- (d) for the words “and (2)” there shall be substituted “ to (2D) ”;
- (e) for the words “as at that time” there shall be substituted “ as in that month ”; and
- (f) for “(2)(b)” there shall be substituted “ (2)(e) ”.

Modifications etc. (not altering text)

C15 Part of the text of Sch. 11 Pt. I para. 1(2)(3)(5)(6) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

- 2 In paragraph 2A of that Schedule (modifications in the case of oil consisting of gas)—
 - (a) in sub-paragraphs (1) and (3) for “(1) and (2)” there shall be substituted “ (1) to (2D) ”;
 - (b) in sub-paragraph (2) for “(2)(a)” in each place where it occurs, there shall be substituted “ (2)(d) ”; and
 - (c) in sub-paragraph (3) for “(2)(b)” there shall be substituted “ (2)(e) ”.
- 3 In paragraph 3 of that Schedule (aggregate market value of oil for purposes of section 2(5))—
 - (a) in sub-paragraph (1) the words “at the material time” shall be omitted; and
 - (b) in sub-paragraph (2) the words from “and the material time” onwards shall be omitted.

PART II

CONSEQUENTIAL AMENDMENTS OF PRINCIPAL ACT

- 4 In section 5A (allowance of exploration and appraisal expenditure) in subsection (5C)(a) for “(c)” there shall be substituted “ (f) ”.
- 5 In section 12 (interpretation) in subsection (1) in the definition beginning “calendar month” for the words from “and” to “have” there shall be substituted “ has ”.
- 6, 7. **F94**

Textual Amendments

F94 Sch. 11 Pt. II paras. 6, 7 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

Status: Point in time view as at 28/03/2000.

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SCHEDULE 12

Section 63.

SUPPLEMENTARY PROVISIONS AS TO BLENDED OIL

Interpretation

- 1 In this Schedule—
- (a) “the principal section” means section 63 of this Act;
 - (b) “blended oil” and “the originating fields” have the same meaning as in the principal section;
 - (c) a “method of allocation” means such a method as is referred to in subsection (2) of the principal section; and
 - (d) “the oil taxation legislation” means Part I of the principal Act and any enactment construed as one with that Part.

Amendments of allocation by the Board

- 2 If at any time it appears to the Board that a method of allocation of blended oil of which details have been furnished to them in accordance with subsection (3) of the principal section is not just and reasonable for the purposes of the oil taxation legislation, having regard to the quantity and quality of the oil derived from each of the originating fields,—
- (a) they shall give notice in writing to each of the participators in those fields informing them of that fact and proposing amendments which would render the method acceptable to the Board; and
 - (b) subject to the following provisions of this Schedule, for any chargeable period beginning after the date of a notice under paragraph (a) above, the method of allocation shall be treated for the purposes of the oil taxation legislation as amended in accordance with the Board’s proposals.

Appeals

- 3 (1) Where the Board give notice to the participators in the originating fields under paragraph 2(a) above, any of those participators may appeal to the Special Commissioners against the notice by giving notice in writing to the Board within thirty days after the date of the notice given by the Board.
- (2) Where notice of appeal is given under sub-paragraph (1) above—
- (a) the Board shall give notice in writing to all those participators in the originating fields who have not given notice of appeal and they shall, by virtue of that notice, become parties to the appeal and be entitled to appear accordingly.
 - (b) if, before the determination of the appeal by the Special Commissioners, the Board and the participators in the originating fields agree that the method of allocation concerned should not be amended or should have effect with particular amendments, the same consequences shall ensue as if the Commissioners had determined the appeal to that effect;
 - (c) if, on the hearing of the appeal, it appears to the majority of the Commissioners present that the method of allocation concerned is satisfactory, with or without modifications, for the purposes of the oil taxation legislation they shall allow the appeal and, where appropriate, shall amend the method of allocation accordingly for those purposes; and

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- (d) sub-paragraphs (2), (8) and (11) of paragraph 14 of Schedule 2 to the principal Act shall apply in relation to the appeal as they apply in relation to an appeal against an assessment or determination made under that Act.
- 4 Any method or amended method of allocation having effect by virtue of paragraph 3(2) above shall have effect with respect to any such chargeable period as is referred to in paragraph 2(b) above.

SCHEDULE 13

Section 64.

RELIEF FOR RESEARCH EXPENDITURE

PART I

SECTION TO BE INSERTED AFTER SECTION 5A OF THE PRINCIPAL ACT

Modifications etc. (not altering text)

C16 The text of Sch. 13 Pt. I is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Allowance of research expenditure.

- “5B (1) Subject to the following provisions of this section and Schedule 7 to this Act, the research expenditure which is allowable in the case of a person who is a participator in an oil field is any expenditure (whether or not of a capital nature) which—
- (a) is incurred by him on or after 17th March 1987; and
 - (b) at the expiry of the period of three years from the time at which it was incurred, has not become allowable under section 3 or section 4 of this Act or section 3 of the Oil Taxation Act 1983; and
 - (c) was not incurred for purposes relating to a particular oil field; and
 - (d) was not incurred wholly and exclusively for one or more of the purposes which, subject to subsection (2) below, are specified in section 5A(2) of this Act; and
 - (e) was incurred for the purpose of research of a such a description that, if it had been incurred by the participator in relation to a particular field, it would have been allowable for that field under section 3 or section 4 of this Act or section 3 of the Oil Taxation Act 1983; and
 - (f) was incurred wholly or partly for United Kingdom purposes.
- (2) For the purposes only of subsection (1)(d) above, any reference in section 5A(2) of this Act to the territorial sea of the United Kingdom shall be taken to include a reference to the United Kingdom itself.
- (3) Where expenditure falling within paragraphs (a) to (e) of subsection (1) above is incurred partly for United Kingdom purposes and partly for other purposes, only such part of the expenditure as it is just and reasonable to apportion to United Kingdom purposes shall be allowable by virtue of this section.

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- (4) In subsections (1)(f) and (3) above, “United Kingdom purposes” means purposes relating to the United Kingdom, the territorial sea thereof or designated areas, excluding any sector which, by virtue of subsection (3)(b) of section 107 of the Finance Act 1980 (transmedian fields), is deemed to be a designated area.
- (5) Expenditure is not allowable under this section if, or to the extent that, it has been allowed under Schedule 5, Schedule 6 or Schedule 7 to this Act for or in connection with an oil field.
- (6) To the extent that it is reasonable to assume that expenditure which, apart from this subsection, would be allowable under this section has been incurred for purposes relating to excluded oil, within the meaning of section 10(1) of this Act, that expenditure is not allowable under this section.
- (7) Subject to subsection (3) above, subsections (2) and (6) of section 5 of this Act apply for the purposes of this section as they apply for the purposes of that section except that—
- (a) any reference in subsection (2) of section 5 to the purpose mentioned in subsection (1)(b) of that section shall be construed as a reference to the purpose referred to in subsection (1)(e) of this section;
 - (b) the reference in paragraph (a) of subsection (2) to subsection (1) of that section shall be construed as a reference to subsection (1) of this section; and
 - (c) where any expenditure falls to be apportioned under subsection (3) of this section, any receipt to which it gives rise shall be similarly apportioned in the application of subsection (6) of section 5.
- (8) Paragraph 2 of Schedule 4 to this Act applies in relation to this section as it applies in relation to sections 3 and 4 of this Act.”

PART II

AMENDMENTS RELATING TO THE NEW ALLOWANCE

The principal Act

- 1 In section 2(9) of the principal Act (amounts to be taken into account in respect of expenditure) at the end of paragraph (f) there shall be added “and
- (g) any research expenditure allowable in the case of the participator under section 5B of this Act which, on a claim made by him under Schedule 7 to this Act, has been allowed under that Schedule before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field, so far as that expenditure has not been taken into account in any previous assessment to tax or determination.”

Modifications etc. (not altering text)

- C17** Part of the text of Sch. 13 Pt. II paras. 1, 7 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

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- 2 In section 3 of that Act, in subsection (3) (expenditure not allowable under that section if already allowed under other provisions) after the words “section 5A” there should be inserted “ or section 5B ”.
- 3 In section 9 of that Act (limit on amount of tax payable) in subsection (2)(a)(ii) for the words “and (f)” there shall be inserted “ (f) and (g) ”.
- 4 In paragraph 2 of Schedule 2 to that Act (returns by participators) in subparagraph (2A) (initial return to include particulars of certain expenditure already claimed) for the words “exploration and appraisal expenditure to which section 5A” there shall be substituted “ expenditure to which section 5A or section 5B ”.
- 5 (1) In Schedule 7 to that Act (claim for allowance of certain exploration expenditure etc.) at the end of paragraph 1(1)(b) there shall be added “or
(c) of any research expenditure allowable under section 5B of this Act”.
- (2) In paragraph 1(3) of that Schedule after the words “section 5A” there shall be inserted “ or section 5B ”.

The Petroleum Revenue Tax Act 1980

- 6 In the Schedule to the ^{M34}Petroleum Revenue Tax Act 1980 (computation of payment on account) in paragraph 2(4) for the words “or (f)” there shall be substituted “ (f) or (g) ”.

Marginal Citations

M34 1980 c. 1.

The Finance Act 1980

- 7 In Schedule 17 to the ^{M35}Finance Act 1980 (transfers of interests in oil fields) after paragraph 16A (exploration and appraisal expenditure) there shall be inserted—

“ Research expenditure

- 16B In relation to research expenditure to which section 5B applies, paragraph 16 above has effect as if any reference therein to section 5 were a reference to section 5B.”

Modifications etc. (not altering text)

C18 Part of the text of Sch. 13 Pt. II paras. 1, 7 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Marginal Citations

M35 1980 c. 48.

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The Finance Act 1981

- 8 In section 111 of the ^{M36}Finance Act 1981 (restriction of expenditure supplement) in subsection (3)(a) the words following “the principal Act” (which specify certain types of expenditure and losses) shall be omitted.

Marginal Citations

M36 1981 c. 35.

The Finance Act 1984

- 9 (1) In section 113 of the ^{M37}Finance Act 1984 (restriction on PRT reliefs), in subsection (1)—
- (a) the words “abortive exploration expenditure or exploration and appraisal” shall be omitted; and
 - (b) after the words “section 5A” there shall be inserted “ or section 5B ”.
- (2) In subsection (6) of that section—
- (a) after the words “section 5A” there shall be inserted “ or section 5B ”; and
 - (b) for the words “paragraph 16 or paragraph 16A” there shall be substituted “ paragraphs 16 to 16B ”.

Marginal Citations

M37 1984 c. 43.

PART III

RECEIPTS TO BE SET AGAINST ALLOWABLE EXPENDITURE

- 10 In this Part of this Schedule—
- “allowable expenditure” means expenditure which, in accordance with section 5B of the principal Act, is allowable on a claim made by a participator under Schedule 7 to that Act; and
 - “qualifying receipt” means a sum the amount of which falls, by virtue of subsection (6) of section 5 of the principal Act, to be applied by way of reduction in the amount of expenditure which would otherwise be allowable expenditure.
- 11 (1) A return made by a participator for a chargeable period under paragraph 2 of Schedule 2 to the principal Act shall give details of any qualifying receipt (whether received by him or by a person connected with him) of which details have not been given in a return made by him for an earlier chargeable period.
- (2) Section [^{F95}839] of the Taxes Act (connected persons) applies for the purposes of this paragraph.

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Textual Amendments

F95 Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), **Sch. 29 para. 32**

- 12 (1) This paragraph applies where—
- (a) a claim for allowable expenditure has been made by a participator under Schedule 7 to the principal Act; and
 - (b) as a result of the receipt (whether before or after the making of the claim) of a qualifying receipt, the amount allowed by way of allowable expenditure on the claim exceeds what it should have been.
- (2) In determining, in a case where this paragraph applies, the assessable profit or allowable loss accruing to the participator in the chargeable period in which the qualifying receipt is received, the amount of the excess referred to in sub-paragraph (1)(b) above shall be taken into account under section 2 of the principal Act as an amount which is to be included among the positive amounts referred to in subsection (3)(a) of that section.
- (3) In the application of section 9 of the principal Act (limit on amount of tax payable) to a chargeable period in respect of which sub-paragraph (2) above applies, the amount of the excess referred to in sub-paragraph (1)(b) above shall be deducted from the amount which would otherwise be the total ascertained under subsection (2)(a)(ii) of that section and, if the amount of that excess is greater than the amount which would otherwise be that total, that total shall be a negative amount equal to the difference.

SCHEDULE 14

Section 65.

CROSS-FIELD ALLOWANCE

PART I

ELECTIONS

General

- 1 (1) An election shall be made in such form as may be prescribed by the Board.
- (2) Without prejudice to sub-paragraph (1) above, an election shall specify—
- (a) the expenditure in respect of which it is made and the amount of that expenditure (in this Part of this Schedule referred to as “the elected amount”), which shall not exceed 10 per cent., which is to be allowable under the principal section;
 - (b) the field of origin and the receiving field;
 - (c) the notice, agreement or determination which, under paragraph 2 below, determines the earliest date on which the election could be made;
 - (d) in a case where the elected amount is to be allowable in respect of more than one receiving field, the proportions in which that amount is to be apportioned between those fields; and

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(e) in the case of expenditure incurred by a company which is an associated company of the participator for the purposes of the principal section, the name of that company.

(3) An election shall be irrevocable.

Earliest date for an election

2 (1) No election may be made in respect of an amount of expenditure until a final decision as to supplement has been made on a claim in respect of that amount under Schedule 5 or Schedule 6 to the principal Act.

(2) For the purposes of this paragraph, a final decision as to supplement is made in relation to an amount of expenditure when—

(a) the Board give to the responsible person or, as the case may be, the participator notice under paragraph 3 of Schedule 5 to the principal Act stating that amount of expenditure as an amount qualifying for supplement; or

(b) after notice of appeal has been given against a decision on a claim, an agreement is made as mentioned in sub-paragraph (1) of paragraph 6 of Schedule 5 to the principal Act and that amount of expenditure is, for the purposes of that sub-paragraph, the appropriate amount of the expenditure claimed as qualifying for supplement; or

(c) on an appeal against a decision on a claim, there is a determination by the Special Commissioners or the court by virtue of which that amount of expenditure falls (under paragraph 7(2) or paragraph 8(2) of Schedule 5 to the principal Act) to be treated for the purposes of Part I of that Act as qualifying for supplement.

(3) Nothing in Schedule 5 to the principal Act relating to the date on which an amount of expenditure is to be treated as having been allowed as qualifying for supplement applies for the purposes of sub-paragraph (2) above.

Latest date for election

3 (1) Subject to sub-paragraph (2) below, an election by a participator in respect of a particular amount of expenditure may be made at any time before—

(a) the Board make, for a chargeable period of the field of origin, an assessment or determination which takes account of that amount of expenditure as qualifying for supplement; and

(b) notice of that assessment or determination is given to the participator or, as the case may be, the associated company, under paragraph 10 of Schedule 2 to the principal Act.

(2) Where the earliest date for the making of an election in respect of a particular amount of expenditure is a date determined under paragraph 2(2)(b) or paragraph 2(2)(c) above, such an election may be made at any time before notice is given as mentioned in sub-paragraph (1)(b) above or, if it is later, before the expiry of the period of thirty days beginning on the day following that earliest date.

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Two or more elections relating to same expenditure

- 4 Where more than one election is made in respect of the same amount of expenditure—
- (a) the maximum of 10 per cent
- specified in paragraph 1(2)(a) above shall be cumulative; and
- (b) if the elected amount specified in a second or subsequent election is such that, when aggregated with the elected amount or amounts specified in the earlier election or elections, it would exceed 10 per cent., that second or subsequent election shall have effect as if it specified such an elected amount as would, when so aggregated, be equal to 10 per cent. of the expenditure concerned; and
 - (c) an election shall be of no effect if it is made after one or more earlier elections have specified (or been treated by paragraph (b) above as having specified) an elected amount or an aggregate of elected amounts equal to 10 per cent.

PART II

EFFECT ON RECEIVING FIELD

- 5 (1) In relation to an election, the assessment to tax or determination referred to in subsection (4)(a) of the principal section is that which is first made after the relevant date on or in relation to the participator by whom the election is made.
- (2) Subject to paragraphs 6 and 7 below, the relevant date for the purposes of subparagraph (1) above is the date of the election.
- 6 In any case where—
- (a) an election is made in the period of thirty days beginning on the day following that on which the Board give notice under paragraph 3 of Schedule 5 to the principal Act stating the expenditure in respect of which the election is made as expenditure qualifying for supplement, and
 - (b) after the date of that notice but on or before the date of the election, an assessment to tax or determination for the receiving field is made on or in relation to the participator making the election,
- the relevant date for the purposes of paragraph 5(1) above is the date of the notice referred to in paragraph (a) above; and the assessment or determination referred to in paragraph (b) above shall be amended accordingly.
- 7 In any case where, following the giving of a notice of appeal, an election is made in respect of expenditure which (under paragraph 6(1), paragraph 7(2) or paragraph 8(2) of Schedule 5 to the principal Act) is treated for the purposes of Part I of that Act as having been allowed as qualifying for supplement on the date on which the notice of appeal was given, the relevant date for the purposes of paragraph 5(1) above is the date on which that notice was given; and in any assessment to tax or determination (relating to the field of origin or the receiving field) all such adjustments or further adjustments shall be made as are necessary in consequence of the election.

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PART III

RELEVANT NEW FIELDS AND ASSOCIATED COMPANIES

Relevant new fields

- 8 (1) For the purposes of the principal section “relevant new fields” means, subject to sub-paragraph (2) below, an oil field—
- (a) no part of which lies in a landward area, within the meaning of the ^{M38}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 17th March 1987; 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.
- (2) In determining, in accordance with sub-paragraph (1) above, whether an oil field (in this sub-paragraph referred to as “the new field”) is a relevant new field, no account shall be taken of a consent for development granted before 17th March 1987 or a programme of development served on the licensee or approved by the Secretary of State before that date if—
- (a) in whole or 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 17th March 1987 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.

Marginal Citations

M38 S.I. 1982/1000.

- 9 (1) In paragraph 8 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.
- (2) In sub-paragraph (1) 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.

Associated companies

- 10 (1) For the purposes of the principal section, a company is an associated company of a participator (being itself a company) making an election under that section if—

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- (a) throughout that part of the relevant period in which both were in existence one was a 51 per cent. subsidiary of the other and the other was not a 51 per cent. subsidiary of any company; or
 - (b) each of them was, throughout that part of the relevant period in which it was in existence, a 51 per cent. subsidiary of a third company which was not itself a 51 per cent. subsidiary of any company.
- (2) In this paragraph “company” means any body corporate and section [F⁹⁶838] of the Taxes Act (subsidiaries) applies for the purposes of this paragraph.
- (3) For the purposes of this paragraph the relevant periods ends on the date on which the election in question is made and begins—
- (a) in the case of an election relating to expenditure incurred in the first claim period of the field of origin, on the date on which any part of that field was first determined under Schedule 1 to the principal Act; and
 - (b) in the case of an election relating to expenditure incurred in any other claim period of the field of origin, at the beginning of that claim period.

Textual Amendments

F96 [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 32](#)

PART IV

SUPPLEMENTAL AND CONSEQUENTIAL PROVISIONS

Notice of variation reducing expenditure qualifying for supplement

- 11 (1) This paragraph applies in any case where—
- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin; and
 - (b) one or more elections is made in respect of that expenditure; and
 - (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act; and
 - (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the Principal Act as having been reduced.
- (2) In sub-paragraph (3) below—
- (a) “the original expenditure” means the amount of expenditure referred to in sub-paragraph (1)(a) above, disregarding the effect of the notice of variation;
 - (b) “the reduced expenditure” means the amount of expenditure after the notice of variation became effective for the purposes of paragraph 9 of Schedule 5 to the principal Act; and
 - (c) “the expenditure originally allowable” means the amount of the original expenditure which, having regard to the election or elections in respect of that expenditure but disregarding the effect of the notice of variation, was allowable in accordance with the principal section.

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (3) If the expenditure originally allowable exceeds 10 per cent. of the reduced expenditure, the principal section shall have effect as if the election or elections had specified an amount of that expenditure equal (or equal in the aggregate) to 10 per cent. of the reduced expenditure and, where there was more than one election, paragraph 4 above shall be taken to have applied accordingly.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

Elections following variation increasing expenditure qualifying for supplement

- 12 (1) In any case where—
- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin, and
 - (b) one or more elections is made in respect of that expenditure, and
 - (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act, and
 - (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the principal Act as having been increased,
- an election may be made in respect of the amount of the increase as if it were a separate amount of expenditure.
- (2) In the circumstances referred to in sub-paragraph (1) above an election may be made by the participator in question at any time before—
- (a) notice is given to the participator or, as the case may be, the associated company of the making of that assessment or determination or that amendment of an assessment or determination which takes account of the increase resulting from the notice of variation; or
 - (b) if it is later, the expiry of the period of thirty days beginning on the date on which the notice of variation becomes effective for the purposes of paragraph 9 of Schedule 5 to the principal Act.
- (3) Where an election is made by a participator in the circumstances referred to in sub-paragraph (1) above—
- (a) paragraph 1(2)(c) above shall have effect as if it referred to the notice of variation;
 - (b) subsection (4)(a) of the principal section shall not apply; and
 - (c) the expenditure allowable as a result of the election shall be taken into account in the first assessment to tax or determination relating to a chargeable period of the receiving field which is made on or in relation to the participator after the date of the decision to which the notice of variation relates.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

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Limit on amount of tax payable in respect of receiving field

- 13 (1) Where an election has been made by a participator, this paragraph has effect with respect to the determination under section 9 of the principal Act (limit on amount of tax payable) of the adjusted profit of the participator in respect of the receiving field.
- (2) For the chargeable period in which the amount of expenditure allowable by virtue of the election is taken into account as mentioned in subsection (4) of the principal section, that amount shall also be taken into account as if it were an addition to the total amount mentioned in section 9(2)(a)(ii) of the principal Act.

SCHEDULE 15

Section 71.

PRE-CONSOLIDATION AMENDMENTS: INCOME TAX AND CORPORATION TAX

1–11 F97

Textual Amendments

F97 Sch. 15 paras. 1–11, 13–17 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

The Interpretation Act 1978 (c. 30)

- 12 In Schedule 1 to the Interpretation Act 1978 for the definitions of “the Corporation Tax Acts” and “the Tax Acts” there shall be substituted the following definitions—
- “The Corporation Tax Acts” means the enactments relating to the taxation of the income and chargeable gains of companies and of company distributions (including provisions relating to income tax);
- “The Tax Acts” means the Income Tax Acts and the Corporation Tax Acts.

Modifications etc. (not altering text)

C19 The text of Sch. 15 para. 12 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

13–17 F98

Textual Amendments

F98 Sch. 15 paras. 1–11, 13–17 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 16

REPEALS

PART I

VEHICLES EXCISE DUTY

Chapter	Short title	Extent of repeal
1971 c. 10.	Vehicles (Excise) Act 1971.	Section 9(3)(b) and (c). In section 16, in subsection (1) in paragraph (i), the words from “and all recovery vehicles” to “that business” and in paragraph (a) of the proviso the words from “except” to “disabled vehicle”, subsection (3) (b) and in subsection (8) the definition of “recovery vehicle”. In section 18A(7), paragraph (d) and the word “or” immediately preceding it. In Part I of Schedule 7, paragraphs 7(b)(ii) and 17A(b)(ii).
1972 c. 10 (N.I.).	The Vehicles (Excise) Act (Northern Ireland) 1972.	Section 9(4)(b) and (c). In section 16, in subsection (1) (a) the words from “and all recovery vehicles” to “that business”, in subsection (2)(a) the words from “except” to “disabled vehicle”, subsection (4) (b) and in subsection (10) the definition of “recovery vehicle”. In section 18(A)(7), paragraph (d) and the word “or” immediately preceding it. In Part I of Schedule 9, paragraphs 7(b)(2) and 17A(b)(ii).

- 1 The repeals in section 16 of each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) Act 1972 have effect in relation to licences taken out after 31st December 1987.
- 2 The remaining repeals have effect in accordance with section 2(8) (a) and (b) of this Act.

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART II

BETTING AND GAMING DUTIES

Chapter	Short title	Extent of repeal
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 1(2) the words from the beginning of paragraph (a) to “bet” in paragraph (b).Section 3.Section 21(4).In Schedule 4, in paragraph 9(a), the words from “or” to “this Act”.
1982 c. 39.	The Finance Act 1982.	In Schedule 6, paragraph 10.
1984 c. 43.	The Finance Act 1984.	In Schedule 3, paragraph 7(5) (b).
1985 c. 54.	The Finance Act 1985.	In Schedule 5, paragraph 1(2).

- 1 The repeal in section 1 of the Betting and Gaming Duties Act 1981 and the repeal of section 3 of that Act have effect with respect to bets made on or after 29th March 1987.
- 2 The repeal in the Finance Act 1982 has effect with respect to gaming machine licences for any period beginning on or after 1st June 1987.
- 3 The remaining repeals have effect with respect to gaming machine licences for any period beginning on or after 1st October 1987.

PART III

MANAGEMENT OF CUSTOMS AND EXCISE

Chapter	Short title	Extent of repeal
1979 c. 2.	The Customs and Excise Management Act 1979.	In section 77(1)(a) the words “importation, exportation or”.
1983 c. 28.	The Finance Act 1983.	Section 7(4).

PART IV

VALUE ADDED TAX

Chapter	Short title	Extent of repeal
1983 c. 55.	The Value Added Tax Act 1983.	In Schedule 1, paragraphs 6 and 8.In Schedule 5, item 2 of and Note (1) to Group 15.

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

PART V

INCOME TAX AND CORPORATION TAX: GENERAL

Modifications etc. (not altering text)

C20 Part of the text of Sch. 16 Pts. V, VII and X is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 86(4), in the second column of the Table, paragraph 5(b).
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 243, the words “section 244 below and”. Section 244. In section 303, in subsection (3), the proviso and, in subsection (6), the words from “and in” onwards.
1975 c. 45.	The Finance (No. 2) Act 1975.	In section 44(2), the words from “section 244(1)” to “1965”. In section 48(9), in the definition of “the material date”, paragraph (b).
1978 c. 42	The Finance Act 1978.	In Schedule 9, paragraph 11(3)(c).
1980 c. 48.	The Finance Act 1980.	Section 46(12). In Schedule 10, paragraph 26(3).
1981 c. 35.	The Finance Act 1981.	Section 27.
1982 c. 39.	The Finance Act 1982.	Section 32.
1984 c. 43.	The Finance Act 1984.	In Schedule 10, in paragraph 4(4), the words from “and paragraph h” to “ “associate””
1986 c. 50.	The Social Security Act 1986.	In Schedule 10, paragraph 101(b).

- 1 The repeals in section 86 of the Taxes Management Act 1970, sections 243 and 244 of the Income and Corporation Taxes Act 1970 and sections 44 and 48 of the Finance (No. 2) Act 1975 have effect with respect to accounting periods beginning on or after 17th March 1987.
- 2 Subject to section 37(2) of this Act, the repeals in section 303 of the Income and Corporation Taxes Act shall be deemed to have come into force on 6th April 1986.

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- 3 The repeals in Schedule 9 to the Finance Act 1978, section 46 of and Schedule 10 to the Finance Act 1980 and Schedule 10 to the Finance Act 1984 shall be deemed to have come into force on 6th April 1986.
- 4 The repeals of section 27 of the Finance Act 1981 and section 32 of the Finance Act 1982 do not apply in relation to payments of supplementary allowance in respect of periods before the day on which regulations containing the first schemes under section 20(1)(a) of the Social Security Act 1986 and Article 21(1)(a) of the Social Security (Northern Ireland) Order 1986 come into force.

PART VI

UNIT TRUSTS

Modifications etc. (not altering text)

- C21** The text of Sch. 16 Pt. VI is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 248(6)(c), the word “scheme”. In section 533(8), the words from “(as defined” to “1940)”.
1980 c. 48.	The Finance Act 1980.	In section 60, the words from “(Tax Acts” to “shareholders)”.
1984 c. 43.	The Finance Act 1984.	In section 92(7)(a), the words from “as defined” to “1958”. In section 94(1)(b), the words from “as defined” to “1958”.

These repeals have effect in accordance with an order under section 40 of this Act.

PART VII

INCOME TAX AND CORPORATION TAX: PRE-CONSOLIDATION AMENDMENTS

Modifications etc. (not altering text)

- C22** Part of the text of Sch. 16 Pts. V, VII and X is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991
- C23** The repeals made in section 47 of the Finance (No. 2) Act 1975 treated as never having had effect—[Finance Act 1988 \(c. 39\)](#), [Sch. 13 para. 24](#)

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 20(3) to (5).Section 34(3) and in section 34(4) the words “given after 6th April 1948 and”.Section 105.Section 122(1)(c).Section 175(2)(d).Section 212(2).In section 214(1)(b) the words from “by virtue” to “1956”.In section 226(9)(c) the words “Schedule A”.In section 227, in subsection (5)(b) the words following “husband”, in subsection (9) the words “for chargeable periods after the year 1955–56” and subsection (12).Section 229(2).In section 312(2)(c) the words “not earlier than the year 1923–24”.Section 325.Section 345(1) and (2) (c).Section 352(10).Section 362(4).Section 375(3).In section 388(4) the words from “on or” to “Act 1952”.Sections 403 and 404.Section 420(3) (b)(i).Sections 422 to 424.In section 460(1), the proviso.In section 467(3), the proviso.Section 468.In section 495 in subsection (1) the words from “and which is” to the end and subsection (3).Section 514.Section 519(3).In Schedule 10 the words, in paragraph 1, “or any approved association of underwriters”, in paragraph 7(3)(a), “or the association in question” and, in paragraph 14, from “or the managing” to “in question”; and in paragraph 16(1) the definition of “approved association of underwriters”, in the definition of “business” the words from “or of whatever” to “in question”

The repeal of section 514 of the Taxes Act shall not have effect in relation to the Relief from Double Income Tax on Shipping Profits (Iceland) Declaration 1928.

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

		and in the definition of “underwriting year” all the words following “calendar year”. In Schedule 15, paragraph 1.
1972 c. 41.	The Finance Act 1972.	Section 76. In Schedule 16, in paragraph 12(1)(a) the words from “otherwise” to “1914”.
1973 c. 51.	The Finance Act 1973.	Section 31(6) to (8). Section 44.
1975 c. 44.	The Finance (No. 2) Act 1975.	Section 41. In section 47, in subsection (1) in paragraph (a), the words “surtax” and the last “or” and paragraph (b) and subsections (2), (3)(b) and (4)(b).
1976 c. 46.	The Finance Act 1976.	In section 33(1) the words from “Until” to “appoint”.
1980 c. 48.	The Finance Act 1980.	In section 36(1)(a) the words “and is not being considered for approval”.
1982 c. 39.	The Finance Act 1982.	Section 142(3) and (4).
1985 c. 54.	The Finance Act 1985.	In Schedule 11, paragraph 2(8). In Schedule 23 the words, in paragraph 21, “approved association of underwriters” and, in paragraphs 22(1), 27(1) and 28(1) and (5), “or of an approved association of underwriters” and “or the association in question”.

The repeal of section 514 of the Taxes Act shall not have effect in relation to the Relief from Double Income Tax on Shipping Profits (Iceland) Declaration 1928.

PART VIII

STAMP DUTY

Chapter	Short Title	Extent of repeal
1910 c. 8.	The Finance (1909–10) Act 1910.	Sections 77 to 79.
1946 c. 64.	The Finance Act 1946.	Section 54(6).
1946 c. 17 (N.I.).	The Finance (No. 2) Act (Northern Ireland) 1946.	Section 25(6).

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

1967 c. 54.	The Finance Act 1967.	In section 30, subsection (4) and, in subsection (5), the definition of “the scheduled territories”.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	In section 7, subsection (4) and, in subsection (5), the definition of “the scheduled territories”.
1970 c. 24.	The Finance Act 1970.	In Schedule 7, paragraph 9.
1970 c. 21 (N.I.).	The Finance Act (Northern Ireland) 1970.	In Schedule 2, paragraph 9.

- 1 The repeals in section 30 of the Finance Act 1967 and section 7 of the Finance Act (Northern Ireland) 1967 have effect with respect to the issue of instruments and the transfer of stock on or after the day on which this Act is passed.
- 2 The remaining repeals shall come into force on the day on which section 49(1) of this Act comes into force.

PART IX

INHERITANCE TAX

Chapter	Short title	Extent of repeal
1984 c. 51.	The Inheritance Tax Act 1984.	Section 168(2). In section 178(2), the words “on a recognised stock exchange” in the second place where they occur.
1986 c. 41.	The Finance Act 1986.	In Schedule 20, in paragraph 8(1) the words from “then” onwards.

These repeals have effect in relation to transfers of value made, and other events occurring, on or after 17th March 1987.

PART X

OIL TAXATION

Modifications etc. (not altering text)

- C24** Part of the text of Sch. 16 Pts. V, VII and X is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Chapter	Short title	Extent of repeal
The repeals in the Oil Taxation Act 1975 have effect with respect to chargeable periods ending after 31st December 1986.		

Status: Point in time view as at 28/03/2000.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 1987. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

1975 c. 22.	The Oil Taxation Act 1975.	In section 2(9)(a)(i) and (ii), the words “at the material time”. In section 5A(5B), the words “at the material time”. In section 14, in subsection (4) and (4A)(b), the words “at the material time”. In Schedule 2, in paragraph 2(2)(a)(iii) and (b)(ii), the words “at the material time”. In Schedule 3, in paragraph 2(3), the words “at that time”, where they first occur, and in paragraph 3, in sub-paragraph (1) the words “at the material time” and in sub-paragraph (2) the words from “and “the material time”” onwards.
1981 c. 35.	The Finance Act 1981.	In section 111(3)(a), the words following “the principal Act”.
1983 c. 28.	The Finance Act 1983.	In Schedule 8, in Part II, paragraph 9.
1984 c. 43.	The Finance Act 1984.	In section 113(1), the words “abortive exploration expenditure or exploration and appraisal”.

The repeals in the Oil Taxation Act 1975 have effect with respect to chargeable periods ending after 31st December 1986.

PART XI

EXCHANGE CONTROL

Chapter	Short title	Extent of repeal
10 & 11 Geo. 6 c. 14.	The Exchange Control Act 1947.	The whole Act.
1 & 2 Eliz. 2 c. 136.	The Post Office Act 1953.	Section 16(4).
8 & 9 Eliz. 2 c. 52.	The Cyprus Act 1960.	In the Schedule, paragraph 2.
1963 c. 25.	The Finance Act 1963.	In section 71(1) the words “section 10 of the Exchange Control Act 1947, and to”.
1965 c. 2.	The Administration of Justice Act 1965.	In Schedule 1, the entry relating to the Exchange Control Act 1947.

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1968 c. 39.	The Gas and Electricity Act 1968.	In section 2(5) the words from “or from” onwards.
1970 c. lxi.	The City of London (Various Powers) Act 1970.	In section 8(4) the words “with the Exchange Control Act 1947 and”.
1977 c. 36.	The Finance Act 1977.	Section 58.
1978 c. 23.	The Judicature (Northern Ireland) Act 1978.	In Schedule 5, in Part II, the entry relating to the Exchange Control Act 1947.
1979 c. 2	The Customs and Excise Management Act 1979.	In Schedule 4, in Part I of the Table, the entry relating to the Exchange Control Act 1947.
1979 c. 11	The Electricity (Scotland) Act 1979.	In section 27(9)(b) the words “or from” onwards.
1979 c. 14.	The Capital Gains Tax Act 1979.	Section 150(5).
1979 c. 43.	The Crown Agents Act 1979.	In section 8(5) paragraph (i) and, in paragraph (ii), the words “in relation to any time on or after that date”.
1981 c. 35.	The Finance Act 1981.	In section 136, subsections (1) and (3).Schedule 18.
1981 c. 54.	The Supreme Court Act 1981.	In Schedule 5, the entry relating to the Exchange Control Act 1947.
1982 c. 41.	The Stock Transfer Act 1982.	In section 6(3) the words from “and” onwards.In Schedule 2, paragraph 3.
1985 c. 65.	The Insolvency Act 1985.	In Schedule 8, paragraph 8.
1985 c. 66.	The Bankruptcy (Scotland) Act 1985.	In Schedule 7, paragraph 7.
1986 c. 45.	The Insolvency Act 1986.	In Schedule 14, the entry relating to the Exchange Control Act 1947.

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- 1 The repeal of the Exchange Control Act 1947 does not affect the power of the Treasury to issue a certificate under subsection (2) of section 18 of that Act (including that subsection as applied by section 28(3) or section 29(3) of that Act) with respect to acts done before 13th December 1979.
- 2 The repeal of section 150(5) of the Capital Gains Tax Act 1979 does not affect the determination of the market value of any assets at a time before 13th December 1979.

Status:

Point in time view as at 28/03/2000.

Changes to legislation:

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