

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

# SCHEDULES

## SCHEDULE 1

### VEHICLES EXCISE DUTY

#### PART I ..... F1

##### Textual Amendments

- F1** 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 I, II para. 3 repealed by Finance Act 1990 (c. 29, SIF 107:2), s. 132, Sch. 19 Pt.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 <sup>F2</sup> .....

##### Textual Amendments

- F2** Sch. 1 Pt. II para. 1 repealed (1.9.1994) by 1994 c. 22, s. 65, Sch. 5 Pt. I (with s. 57(4))

<sup>F3</sup>2 .....

##### Textual Amendments

- F3** 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 II para. 2 repealed (1.9.1994) by 1994 c. 22, s. 65, Sch. 5 Pt.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 ..... <sup>F4</sup>

##### Textual Amendments

- F4** 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 I, II para. 3 repealed by Finance Act 1990 (c. 29, SIF 107:2), s. 132, Sch. 19 Pt.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 ..... <sup>F5</sup>

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**Textual Amendments**

**F5** 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 II para. 4 repealed by Finance Act 1989 (c. 26, SIF 107:2), s. 187(1), **Sch. 17 Pt.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*

**F65** .....

**Textual Amendments**

**F6** Sch. 1 Pt. II para. 5 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

**F76** .....

**Textual Amendments**

**F7** Sch. 1 para. 6 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.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*

**F87** .....

**Textual Amendments**

**F8** 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 III para. 7 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt.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*

**F98** .....

**Textual Amendments**

**F9** Sch. 1 Pt. III para. 8 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

**F109** .....

**Textual Amendments**

**F10** Sch. 1 para. 9 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.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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F11<sub>10</sub> .....

**Textual Amendments**

**F11** Sch. 1 Pt. III para. 10 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F12<sub>11</sub> .....

**Textual Amendments**

**F12** Sch. 1 para. 11 repealed (1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.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**.

F13<sub>12</sub> .....

**Textual Amendments**

**F13** Sch. 1 Pt. III para. 12 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F14<sub>13</sub> .....

**Textual Amendments**

**F14** 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*

F15<sub>14</sub> .....

**Textual Amendments**

**F15** Sch. 1 Pt. III para. 14 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

F16<sub>15</sub> .....

**Textual Amendments**

**F16** 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*

F17<sub>16</sub> .....

**Textual Amendments**

**F17** 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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F18 17 .....

**Textual Amendments**

**F18** 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*

F19 18 .....

**Textual Amendments**

**F19** Sch. 1 Pt. III para. 18 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I**

F20 19 .....

**Textual Amendments**

**F20** 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 <sup>M1</sup>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**

**M1** 1979 c. 2.

F21 21 .....

**Textual Amendments**

**F21** 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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F22 SCHEDULE 2

Section 19(2).

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**Textual Amendments**

**F22** 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. ....  
F24

.....

**Textual Amendments**

**F24** 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 <sup>F25</sup> shall be amended in accordance with the following provisions of this Schedule.

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**Textual Amendments**

**F25** 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 F26 .....

**Textual Amendments**  
**F26** 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**  
**II** 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) ”.

F275 .....

**Textual Amendments**

**F27** 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

F286 .....

**Textual Amendments**

**F28** 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

F297 .....

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### Textual Amendments

**F29** 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 <sup>M2</sup>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**

**M2** 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 <sup>M3</sup>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**

M3 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)**

- C1** 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” <sup>F30</sup>... shall be construed in accordance with [<sup>F31</sup>paragraph (a)] of sub-paragraph (1) of paragraph 2 below;

“proposed delivery month” shall be construed in accordance with [<sup>F32</sup>paragraph 12A 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.

<sup>F33</sup>(2) .....

[<sup>F34</sup>(3) Where an amount of oil is required to be delivered to the [<sup>F35</sup>OGA] pursuant to a notice served by [<sup>F36</sup>it], 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**

- F30** Words in Sch. 10 para. 1(1) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(2)(a)(i), **Sch. 26 Pt. 5(2)**
- F31** Words in Sch. 10 para. 1(1) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(2)(a)(iii)
- F32** Words in Sch. 10 para. 1(1) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(2)(a)(ii)
- F33** Sch. 10 para. 1(2) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(2)(b), **Sch. 26 Pt. 5(2)**
- F34** [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
- F35** Word in Sch. 10 para. 1(3) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **9(2)(a)**
- F36** Word in Sch. 10 para. 1(3) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **9(2)(b)**

*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
  - <sup>F37</sup>(b) .....
  - <sup>F38</sup>(c) .....
  - <sup>F39</sup>(d) .....
  - <sup>F40</sup> .....

*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)

- (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, 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.

**Textual Amendments**

- F37** Sch. 10 para. 2(1)(b) repealed (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(3)(a), Sch. 26 Pt. 5(2)
- F38** Sch. 10 para. 2(1)(c) repealed (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(3)(a), Sch. 26 Pt. 5(2)
- F39** Sch. 10 para. 2(1)(d) omitted (with effect in accordance with s. 150(14) of the amending Act) by virtue of Finance Act 2006 (c. 25), s. 150(3)(a)
- F40** Words in Sch. 10 para. 2(1) repealed (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(3)(b), Sch. 26 Pt. 5(2)

**Modifications etc. (not altering text)**

- C2** See S.I. 1987 No. 1338 (in Part III) regns. 4–6—composite nominations

*Period for which nomination has effect*

<sup>F41</sup>3 .....

**Textual Amendments**

- F41** Sch. 10 para. 3 repealed (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(4), Sch. 26 Pt. 5(2)

*Timing of nominations*

- 4 <sup>F42</sup>(1) If a nomination is made during business hours it shall be effective only if—
- (a) it is made within the period of two hours beginning with the transaction base time, and
  - (b) it satisfies the requirements of paragraph 5.
- (1A) If a nomination is made outside business hours it shall be effective only if—
- (a) it is made within the period of two hours beginning with the transaction base time, and
  - (b) it satisfies the requirements of paragraph 5 or 5A.
- (1B) For the purposes of this paragraph—
- (a) the transaction base time of a proposed transaction is such time on such date as the Board shall prescribe by regulations, and

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- (b) “ business hours ” means the period beginning with 09.00 and ending with 17.00 ( UK time) on a business day (within the meaning of the Bills of Exchange Act 1882 (c. 61)).]

<sup>F43</sup>(2) .....

<sup>F44</sup><sup>F45</sup>(2A) .....

- (3) The [<sup>F46</sup>transaction base time] prescribed for a proposed sale may be a [<sup>F47</sup>time] earlier than the [<sup>F47</sup>time] on which a legally binding agreement for the sale of the oil in question comes into being but may not be later than the [<sup>F47</sup>time] 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.

<sup>F48</sup>(4) .....

#### Textual Amendments

- F42** Sch. 10 para. 4(1)-(1B) substituted for Sch. 10 para. 4(1) (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(a\)\(15\)](#)
- F43** Sch. 10 para. 4(2) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(b\)](#), [Sch. 26 Pt. 5\(2\)](#)
- F44** Sch. 10 para. 4(2A) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(b\)](#), [Sch. 26 Pt. 5\(2\)](#)
- F45** Sch. 10 para. 4(2A) inserted (3.5.1994) by [1994 c. 9 s. 235\(3\)\(b\)](#)
- F46** Words in Sch. 10 para. 4(3) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(c\)\(i\)](#)
- F47** Word in Sch. 10 para. 4(3) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(c\)\(ii\)](#)
- F48** Sch. 10 para. 4(4) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(5\)\(d\)](#), [Sch. 26 Pt. 5\(2\)](#)

#### Content of nomination

- 5 (1) [<sup>F49</sup>The requirements of this paragraph for a nomination in respect of a proposed transaction are],—
- the name of the participator;
  - <sup>F50</sup> ..., the name of the person to whom the oil is to be [<sup>F51</sup>sold];
  - the field from which the oil is to be delivered <sup>F52</sup> ...;
  - the nominated price of the oil to be [<sup>F53</sup>delivered]<sup>F54</sup> ...;
  - the nominal volume of that oil;
  - the proposed delivery month;
  - <sup>F55</sup>(g) the transaction base time; and
  - such other information as may be prescribed by the Board.
- (2) A nomination [<sup>F56</sup>made under this paragraph] 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



*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

the nomination, a contract of sale will come into being in accordance with the terms of the nomination.

- (3) Where a participator fraudently or negligently furnishes any incorrect information or makes any incorrect declaration in or in connection with a nomination [<sup>F57</sup>made under this paragraph] he shall be liable to a penalty not exceeding £50,000 or, in the case of fraud, £100,000 [<sup>F58</sup>and the nomination shall not be effective].

#### Textual Amendments

- F49** Words in Sch. 10 para. 5(1) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(a\)](#)
- F50** Words in Sch. 10 para. 5(1)(b) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(b\)](#), [Sch. 26 Pt. 5\(2\)](#)
- F51** [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
- F52** Words in Sch. 10 para. 5(1)(c) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(c\)](#), [Sch. 26 Pt. 5\(2\)](#)
- F53** Word in Sch. 10 para. 5(1)(d) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(d\)](#)
- F54** Words in Sch. 10 para. 5(1)(d) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(c\)](#), [Sch. 26 Pt. 5\(2\)](#)
- F55** Sch. 10 para. 5(1)(g) substituted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(e\)](#)
- F56** Words in Sch. 10 para. 5(2) inserted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(f\)](#)
- F57** Words in Sch. 10 para. 5(3) inserted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(6\)\(g\)](#)
- F58** [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

#### Modifications etc. (not altering text)

- C3** 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

[<sup>F59</sup>5A(1) The requirements of this paragraph for a nomination in respect of a proposed transaction are—

- (a) the name of the participator or of the group of which the participator is a member;
- (b) the name of the person to whom the oil is to be sold, or the name of the group of which that person is a member;
- (c) the blend or grade of oil to be delivered;
- (d) the nominated price of the oil to be delivered;
- (e) the nominal volume of the oil;
- (f) the proposed delivery month;
- (g) the transaction base time; and
- (h) such other information as may be prescribed by the Board.

- (2) In sub-paragraph (1) “group” has the meaning given by section 53 of the Companies Act 1989.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

**Textual Amendments**

**F59** Sch. 10 paras. 5A, 5B inserted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 150\(7\)](#)

- 5B (1) A nomination of a transaction shall not be effective unless oil is delivered pursuant to a contract at arm's length the terms of which incorporate the information specified in the nomination in accordance with paragraph 5(1) or 5A(1).
- (2) But—
- (a) a contract need not refer to the transaction base time, and
  - (b) the nomination shall be effective whether or not delivery takes place in the proposed delivery month specified in the nomination and the contract.]

**Textual Amendments**

**F59** Sch. 10 paras. 5A, 5B inserted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 150\(7\)](#)

*Nominated price*

- 6 (1) <sup>F60</sup>... 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.

<sup>F61</sup>(2) .....

<sup>F62</sup>(3) .....

**Textual Amendments**

**F60** Words in Sch. 10 para. 6(1) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 150\(8\)\(a\), Sch. 26 Pt. 5\(2\)](#)

**F61** Sch. 10 para. 6(2) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 150\(8\)\(b\), Sch. 26 Pt. 5\(2\)](#)

**F62** Sch. 10 para. 6(3) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 150\(8\)\(b\), Sch. 26 Pt. 5\(2\)](#)

**Modifications etc. (not altering text)**

**C4** 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.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

<sup>F63</sup>(2) .....

(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.

<sup>F64</sup>(5) .....

[<sup>F65</sup>(6) The Board may by regulations prescribe that in specified circumstances the nominal volume in relation to a delivery shall be treated as greater or less than the nominal volume ascertained in accordance with the preceding provisions of this paragraph.

(7) Regulations under sub-paragraph (6)—

- (a) shall be made by statutory instrument, and
- (b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.]

**Textual Amendments**

**F63** Sch. 10 para. 7(2) omitted (with effect in accordance with s. 150(14) of the amending Act) by virtue of Finance Act 2006 (c. 25), s. 150(9)

**F64** Sch. 10 para. 7(5) omitted (with effect in accordance with s. 150(14) of the amending Act) by virtue of Finance Act 2006 (c. 25), s. 150(9)

**F65** Sch. 10 para. 7(6)(7) inserted (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(10)

**Modifications etc. (not altering text)**

**C5** See S.I. 1987 No. 1338 (in Part III) regn. 9

*Revision of nominations*

<sup>F66g</sup> .....

**Textual Amendments**

**F66** Sch. 10 paras. 8-11 repealed (with effect in accordance with s. 150(14) of the amending Act) by Finance Act 2006 (c. 25), s. 150(11), Sch. 26 Pt. 5(2)

*Effective volume for nominated transactions*

<sup>F66g</sup> .....

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

#### Textual Amendments

**F66** Sch. 10 paras. 8-11 repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(11), [Sch. 26 Pt. 5\(2\)](#)

#### *Aggregate effective volume for a month*

**F66**<sup>10</sup> .....

#### Textual Amendments

**F66** Sch. 10 paras. 8-11 repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(11), [Sch. 26 Pt. 5\(2\)](#)

#### *Aggregate nominated proceeds for a month*

**F66**<sup>11</sup> .....

#### Textual Amendments

**F66** Sch. 10 paras. 8-11 repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(11), [Sch. 26 Pt. 5\(2\)](#)

#### *Blended oil*

12 <sup>F67</sup>(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 <sup>F68</sup>... 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.

<sup>F67</sup>(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

**F67** [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

**F68** Words in [Sch. 10 para. 12\(1\)](#) repealed (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 150(12), [Sch. 26 Pt. 5\(2\)](#)

#### Modifications etc. (not altering text)

**C6** See S.I. [1987 No. 1338](#) (in Part III) regn. 19

**C7** See S.I. [1987 No. 1338](#) (in Part III) regn. 20

*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)

### *[<sup>F69</sup>Interpretation*

#### **Textual Amendments**

**F69** Sch. 10 para. 12A and cross-heading inserted (with effect in accordance with s. 150(14) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 150\(13\)](#)

- 12A For the purposes of section 61 and this Schedule—
- (a) a reference to the proposed delivery month in relation to a proposed transaction is a reference to the month in which delivery is to take place,
  - (b) “relevant delivery” means a delivery of oil under a contract made at arm’s length in respect of which there has been no effective nomination, and
  - (c) “delivery proceeds” means the price received for a relevant delivery. ]

### *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
    - (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)**

**C8** 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

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

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.”

F70(3) .....

F70(4) .....

F70(5) .....

F70(6) .....

F70(7) .....

**Textual Amendments**

**F70** Sch. 11 para. 1(3)-(7) repealed (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 5(1)**

**Modifications etc. (not altering text)**

**C9** Part of the text of Sch. 11 Pt. I para. 1(2) 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) ”.

F713 .....

**Textual Amendments**

**F71** [Sch. 11 paras. 3-5](#) repealed (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 5(1)**

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

## PART II

### CONSEQUENTIAL AMENDMENTS OF PRINCIPAL ACT

F71<sup>4</sup> .....

#### Textual Amendments

**F71** Sch. 11 paras. 3-5 repealed (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by Finance Act 2006 (c. 25), **Sch. 26 Pt. 5(1)**

F71<sup>5</sup> .....

#### Textual Amendments

**F71** Sch. 11 paras. 3-5 repealed (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by Finance Act 2006 (c. 25), **Sch. 26 Pt. 5(1)**

6, 7. .... F72

#### Textual Amendments

**F72** Sch. 11 Pt. II paras. 6, 7 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

## SCHEDULE 12

Section 63.

### SUPPLEMENTARY PROVISIONS AS TO BLENDED OIL

*[<sup>F73</sup>Interpretation]*

#### Textual Amendments

**F73** Sch. 12 paras. 1, 2 and cross-headings substituted (with effect in accordance with Sch. 39 para. 4 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 39 para. 3(2)**

[<sup>F73</sup>1 (1) In this Schedule—

“HMRC” means Her Majesty's Revenue and Customs;

“method of allocation” means a method for making an allocation of blended oil for the purposes of section 63 that has been selected by the participators in the originating fields (including such a method that has been amended in accordance with this Schedule).

(2) In this Schedule a reference to a suitable method of allocation is a reference to a method which secures that allocation of blended oil is just and reasonable (for the purposes of the oil taxation legislation).]

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

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*[<sup>F73</sup>Method of allocation not suitable]*

- [<sup>F73</sup>2 (1) This paragraph applies if it appears to HMRC that—
- (a) a method of allocation that has been used in respect of a chargeable period was not suitable, or
  - (b) a method of allocation that is proposed to be used in respect of a chargeable period would not be suitable.
- (2) HMRC may give notice to each of the participators in the originating fields—
- (a) informing the participators of what appears to HMRC to be the case, and
  - (b) proposing amendments to the method of allocation.
- (3) If HMRC give notice, the allocation of the blended oil for the purposes of section 63 in respect of the chargeable period is to be redetermined, or determined, using the method of allocation as amended in accordance with the notice.
- (4) Sub-paragraph (3) is subject to—
- (a) the following provisions of this Schedule,
  - (b) any subsequent notice given under this paragraph, and
  - (c) any amendment to the method of allocation made by the participators in the originating fields.]

*Appeals*

- 3 (1) Where [<sup>F74</sup>HMRC] give notice to the participators in the originating fields under [<sup>F75</sup>paragraph 2(2)] above, any of those participators may appeal <sup>F76</sup>... against the notice by giving notice in writing to [<sup>F74</sup>HMRC] within thirty days after the date of the notice given by [<sup>F74</sup>HMRC].
- (2) Where notice of appeal is given under sub-paragraph (1) above—
- (a) [<sup>F77</sup>HMRC] 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 <sup>F78</sup>....
  - (b) if, before the determination of the appeal by the [<sup>F79</sup>tribunal], [<sup>F77</sup>HMRC] 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 [<sup>F79</sup>tribunal] had determined the appeal to that effect;
  - (c) [<sup>F80</sup>if, on an appeal notified to the tribunal, it appears to the tribunal] that the method of allocation concerned is satisfactory, with or without modifications, for the purposes of the oil taxation legislation [<sup>F81</sup>the tribunal] shall allow the appeal and, where appropriate, shall amend the method of allocation accordingly for those purposes; and
- [<sup>F82</sup>(d) paragraphs 14(2), (8) and (11) and 14A to 14I 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 subject to the following modifications—
- (i) any reference to an agreement under paragraph 14(9) shall be construed as a reference to an agreement under sub-paragraph (2) (b) above;
  - (ii) any other modifications that are necessary.]



*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

- [<sup>F83</sup>(3) If the method of allocation is amended in accordance with this paragraph, the allocation of the blended oil for the purposes of section 63 in respect of the chargeable period is to be redetermined, or determined, using the method of allocation as so amended.
- (4) Sub-paragraph (3) is subject to—
- (a) any subsequent notice given under this paragraph, and
  - (b) any amendment to the method of allocation made by the participators in the originating fields.]

**Textual Amendments**

- F74** Word in [Sch. 12 para. 3\(1\)](#) substituted (with effect in accordance with [Sch. 39 para. 4](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 39 para. 3\(3\)\(a\)](#)
- F75** Words in [Sch. 12 para. 3\(1\)](#) substituted (with effect in accordance with [Sch. 39 para. 4](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 39 para. 3\(3\)\(b\)](#)
- F76** Words in [Sch. 12 para. 3\(1\)](#) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(2\)](#)
- F77** Word in [Sch. 12 para. 3\(2\)](#) substituted (with effect in accordance with [Sch. 39 para. 4](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 39 para. 3\(4\)](#)
- F78** Words in [Sch. 12 para. 3\(2\)\(a\)](#) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(3\)\(a\)](#)
- F79** Word in [Sch. 12 para. 3\(2\)\(b\)](#) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(3\)\(b\)](#)
- F80** Words in [Sch. 12 para. 3\(2\)\(c\)](#) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(4\)\(a\)](#)
- F81** Words in [Sch. 12 para. 3\(2\)\(c\)](#) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(4\)\(b\)](#)
- F82** [Sch. 12 para. 3\(2\)\(d\)](#) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 130\(5\)](#)
- F83** [Sch. 12 para. 3\(3\)\(4\)](#) inserted (with effect in accordance with [Sch. 39 para. 4](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 39 para. 3\(5\)](#)

<sup>F84</sup>4 . . . . .

**Textual Amendments**

- F84** [Sch. 12 para. 4](#) omitted (with effect in accordance with [Sch. 39 para. 4](#) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 39 para. 3\(6\)](#)

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## 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)**

**C10** 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.
- (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

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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)**

**C11** 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

- 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

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- (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 <sup>M4</sup>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**

**M4** 1980 c. 1.

*The Finance Act 1980*

- 7 In Schedule 17 to the <sup>M5</sup>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)**

**C12** 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**

**M5** 1980 c. 48.

*The Finance Act 1981*

- 8 In section 111 of the <sup>M6</sup>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**

**M6** 1981 c. 35.

*The Finance Act 1984*

- 9 (1) In section 113 of the <sup>M7</sup>Finance Act 1984 (restriction on PRT reliefs), in subsection (1)

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- (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

M7 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) [<sup>F85</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) applies for the purposes of this paragraph.

#### Textual Amendments

**F85** Words in Sch. 13 para. 11(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 204 (with Sch. 2)

- 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

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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
  - (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

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- 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 [F86tribunal] 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.

**Textual Amendments**

**F86** Word in *Sch. 14 para. 2(2)(c)* substituted (1.4.2009) by *The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56)*, art. 1(2), **Sch. 1 para. 131**

*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.

*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

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- (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.

## 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 subparagraph (2) below, an oil field—
- (a) no part of which lies in a landward area, within the meaning of the <sup>M8</sup>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



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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 [<sup>F87</sup>OGA] and that consent or programme relates, in whole or in part, to the new field.

**Textual Amendments**

**F87** Word in Sch. 14 para. 8(2)(b) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), 9(3)

**Marginal Citations**

**M8** [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—
- (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.

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- (2) In this paragraph “company” means any body corporate and [F88 Chapter 3 of Part 24 of the Corporation Tax Act 2010] (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

**F88** Words in Sch. 14 para. 10(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 205 (with Sch. 2)

## 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.
- (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.

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- (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.

*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

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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 ..... F89

#### Textual Amendments

**F89** 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)

**C13** 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 ..... F90

#### Textual Amendments

**F90** Sch. 15 paras. 1–11, 13–17 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

## SCHEDULE 16

### REPEALS

### PART I

#### VEHICLES EXCISE DUTY

Chapter	Short title	Extent of repeal
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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).

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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.

## PART II

### BETTING AND GAMING DUTIES

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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

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

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		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).

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- 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.

### PART V

#### INCOME TAX AND CORPORATION TAX: GENERAL

#### **Modifications etc. (not altering text)**

- C14** 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

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

<b>Chapter</b>	<b>Short title</b>	<b>Extent of repeal</b>
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” 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.
- 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.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

## PART VI

### UNIT TRUSTS

#### Modifications etc. (not altering text)

- C15** 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)

- C16** 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
- C17** 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](#)

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

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.



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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)

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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” 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”.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

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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”.

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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.

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## PART VIII

### STAMP DUTY

<b>Chapter</b>	<b>Short Title</b>	<b>Extent of repeal</b>
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).
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”.

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*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)

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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.

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- 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

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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.

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

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## PART X

### OIL TAXATION

#### Modifications etc. (not altering text)

**C18** 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

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Chapter	Short title	Extent of repeal
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

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

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)*

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		(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”.

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

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## 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.
1968 c. 39.	The Gas and Electricity Act 1968.	In section 2(5) the words from “or from” onwards.
1970 c. lxxix.	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.

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*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1987. (See end of Document for details)

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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 [ <sup>F91</sup> Senior Courts 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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**Textual Amendments**

**F91** Words in table substituted (1.10.2009) by [Constitutional Reform Act 2005 \(c. 4\), s. 148\(1\), Sch. 11 para. 1\(2\)](#); [S.I. 2009/1604, art. 2\(d\)](#)

- 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.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1987.