

*Changes to legislation: There are currently no known outstanding effects
for the Finance (No. 2) Act 1987. (See end of Document for details)*

SCHEDULES

SCHEDULES 1—5

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Textual Amendments

F1 Schedules 1–5 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULE 6

Section 95.

MANAGEMENT PROVISIONS: SUPPLEMENTARY AND CONSEQUENTIAL PROVISIONS

Companies' capital gains

1 F2

Textual Amendments

F2 Sch. 6 para. 1 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

F3 2

Textual Amendments

F3 Sch. 6 para. 2 repealed (6.4.1992 with effect as mentioned in s. 289(1) of 1992 c. 12) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 201(3), Sch. 11 paras. 22, 26(2), 27)

3 F4

Textual Amendments

F4 Sch. 6 para. 3 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

F5 4

Textual Amendments

F5 Sch. 6 para. 4 repealed (6.4.1992 with effect as mentioned in s. 289(1) of 1992 c. 12) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch.12** (with ss. 60, 201(3), Sch. 11 paras. 22, 26(2), 27)

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F65

Textual Amendments
F6 Sch. 6 para. 5 repealed (6.4.1992 with effect as mentioned in s. 289(1) of 1992 c. 12) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, Sch.12 (with ss. 60, 201(3), Sch. 11 paras. 22, 26(2), 27)

Relief for unremittable income

6 F7

Textual Amendments
F7 Sch. 6 para. 6, 8 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 31

F87

Textual Amendments
F8 Sch. 6 para. 7 repealed (1.5.1995 with effect as mentioned in Sch. 29 Pt. VIII Group 16 of the repealing Act) by s. 162, Sch. 29 Pt. VIII Group 16

Lloyd’s underwriting agents

8 F9

Textual Amendments
F9 Sch. 6 para. 6, 8 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 31

SCHEDULE 7

Section 96.

INHERITANCE TAX: INTERESTS IN POSSESSION

1 After section 54 of the ^{M1}Inheritance Tax Act 1984 (in this Schedule referred to as “the 1984 Act”) there shall be inserted the following sections—

“54A Special rate of charge where settled property affected by potentially exempt transfer.

- (1) If the circumstances fall within subsection (2) below, this section applies to any chargeable transfer made—
 - (a) under section 52 above, on the coming to an end of an interest in possession in settled property during the life of the person beneficially entitled to it, or
 - (b) on the death of a person beneficially entitled to an interest in possession in settled property;

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and in the following provisions of this section the interest in possession mentioned in paragraph (a) or paragraph (b) above is referred to as “the relevant interest”.

- (2) The circumstances referred to in subsection (1) above are—
- (a) that the whole or part of the value transferred by the transfer is attributable to property in which the relevant interest subsisted and which became settled property in which there subsisted an interest in possession (whether the relevant interest or any previous interest) on the making by the settlor of a potentially exempt transfer at any time on or after 17th March 1987 and within the period of seven years ending with the date of the chargeable transfer; and
 - (b) that the settlor is alive at the time when the relevant interest comes to an end; and
 - (c) that, on the coming to an end of the relevant interest, any of the property in which that interest subsisted becomes settled property in which no qualifying interest in possession (as defined in section 59 below) subsists, other than property to which section 71 below applies; and
 - (d) that, within six months of the coming to an end of the relevant interest, any of the property in which that interest subsisted has neither—
 - (i) become settled property in which a qualifying interest in possession subsists or to which section 71 below applies, nor
 - (ii) become property to which an individual is beneficially entitled.
- (3) In the following provisions of this section “the special rate property”, in relation to a chargeable transfer to which this section applies, means the property in which the relevant interest subsisted or, in a case where—
- (a) any part of that property does not fall within subsection (2)(a) above, or
 - (b) any part of that property does not become settled property of the kind mentioned in subsection (2)(c) above,
- so much of that property as appears to the Board or, on appeal, to the Special Commissioners to be just and reasonable.
- (4) Where this section applies to a chargeable transfer (in this section referred to as “the relevant transfer”), the tax chargeable on the value transferred by the transfer shall be whichever is the greater of the tax that would have been chargeable apart from this section and the tax determined in accordance with subsection (5) below.
- (5) The tax determined in accordance with this subsection is the aggregate of—
- (a) the tax that would be chargeable on a chargeable transfer of the description specified in subsection (6) below, and
 - (b) so much (if any) of the tax that would, apart from this section, have been chargeable on the value transferred by the relevant transfer as is attributable to the value of property other than the special rate property.

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- (6) The chargeable transfer postulated in subsection (5)(a) above is one—
- (a) the value transferred by which is equal to the value transferred by the relevant transfer or, where only part of that value is attributable to the special rate property, that part of that value;
 - (b) which is made at the time of the relevant transfer by a transferor who has in the preceding seven years made chargeable transfers having an aggregate value equal to the aggregate of the values transferred by any chargeable transfers made by the settlor in the period of seven years ending with the date of the potentially exempt transfer; and
 - (c) for which the applicable rate or rates are one-half of the rate or rates referred to in section 7(1) above.
- (7) This section has effect subject to section 54B below.

54B Provisions supplementary to section 54A.

- (1) The death of the settlor, at any time after a chargeable transfer to which section 54A above applies, shall not increase the tax chargeable on the value transferred by the transfer unless, at the time of the transfer, the tax determined in accordance with subsection (5) of that section is greater than the tax that would be chargeable apart from that section.
- (2) The death of the person who was beneficially entitled to the relevant interest, at any time after a chargeable transfer to which section 54A above applies, shall not increase the tax chargeable on the value transferred by the transfer unless, at the time of the transfer, the tax that would be chargeable apart from that section is greater than the tax determined in accordance with subsection (5) of that section.
- (3) Where the tax chargeable on the value transferred by a chargeable transfer to which section 54A above applies falls to be determined in accordance with subsection (5) of that section, the amount referred to in paragraph (a) of that subsection shall be treated for the purposes of this Act as tax attributable to the value of the property in which the relevant interest subsisted.
- (4) Subsection (5) below shall apply if—
 - (a) during the period of seven years preceding the date on which a chargeable transfer to which section 54A above applies (“the current transfer”) is made, there has been another chargeable transfer to which that section applied, and
 - (b) the person who is for the purposes of the current transfer the settlor mentioned in subsection (2)(a) of that section is the settlor for the purposes of the other transfer (whether or not the settlements are the same);
and in subsections (5) and (6) below the other transfer is referred to as the “previous transfer”.
- (5) Where this subsection applies, the appropriate amount in relation to the previous transfer (or, if there has been more than one previous transfer, the aggregate of the appropriate amounts in relation to each) shall, for the purposes of calculating the tax chargeable on the current transfer, be taken to be the value transferred by a chargeable transfer made by the settlor immediately before the potentially exempt transfer was made.

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- (6) In subsection (5) above “the appropriate amount”, in relation to a previous transfer, means so much of the value transferred by the previous transfer as was attributable to the value of property which was the special rate property in relation to that transfer.
- (7) In this section—
- “the relevant interest” has the meaning given by subsection (1) of section 54A above; and
- “the special rate property” has the meaning given by subsection (3) of that section.”.

Marginal Citations

M1 1984 c. 51.

- 2 In section 56 of the 1984 Act (exclusion of certain exemptions) in subsection (5) after the word “disposition” there shall be inserted “for such consideration”.
- 3 (1) Section 201 of the 1984 Act (liability for tax relating to settled property) shall be amended as follows.
- (2) In subsection (2) after the word “death” there shall be inserted “but is not a potentially exempt transfer”.
- (3) After subsection (3) there shall be inserted the following subsection—
- “(3A) Subsection (1)(d) above shall not apply in relation to the tax chargeable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer in a case where the settlement was made before 17th March 1987 if the trustees were resident in the United Kingdom when the settlement was made, but have not been resident there at any time between 16th March 1987 and the death of the transferor.”
- 4 (1) Section 216 of the 1984 Act (delivery of accounts) shall be amended as follows.
- (2) In subsection (1) after paragraph (bc) there shall be inserted the following paragraph—
- “(bd) is liable under section 201(1)(b), (c) or (d) above for tax on the value transferred by a potentially exempt transfer which is made under section 52 above and which proves to be a chargeable transfer, or would be so liable if tax were chargeable on that value, or”
- (3) In subsection (6)(aa) of that section after the words “subsection (1)(bb)” there shall be inserted “or (bd)”.
- 5 In section 265 of the 1984 Act (chargeable transfers affecting more than one property) after the words “subject to” there shall be inserted “section 54B(3) above and to”.

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SCHEDULE 8

Section 101.

AMENDMENTS OF SCHEDULE 10 TO ^{M2}FINANCE ACT 1987

Marginal Citations

M2 1987 c. 16.

- 1 At the end of paragraph 1 (interpretation) there shall be added the following sub-paragraph—
- “(3) Where an amount of oil is required to be delivered to the Secretary of State pursuant to a notice served by him, any oil which is inadvertently delivered to him in excess of the amount required shall be treated for the purposes of sub-paragraph (2) above as delivered pursuant to the notice.”.
- 2 (1) In paragraph 5 (content of nomination) in sub-paragraph (1)(b)—
- (a) for the words “except in the case of a proposed appropriation” there shall be substituted “in the case of a proposed sale”; and
- (b) for the word “delivered” there shall be substituted “sold”.
- (2) At the end of sub-paragraph (3) of paragraph 5 (penalty for fraudulent or negligent furnishing of information etc. in connection with a nomination) there shall be added the words “and the nomination shall not be effective”.
- 3 (1) In paragraph 8 (revision of nominations) after sub-paragraph (2) there shall be inserted the following sub-paragraphs—
- “(2A) If a participator who has made a nomination of a proposed supply, proposed appropriation or a proposed transaction falling within paragraph 2(1)(d) above fails, in whole or in part, to supply, to appropriate or otherwise to complete the proposed transaction by the delivery or appropriation of oil forming part of his equity production for the proposed delivery month, then, in accordance with regulations made by the Board, he may amend or withdraw the nomination as mentioned in sub-paragraph (2B) below.
- (2B) The circumstances in which, in a case falling within sub-paragraph (2A) above, a participator may amend or withdraw a nomination are,—
- (a) in the case of a nomination of a proposed supply or proposed appropriation, if the participator is of the opinion that the failure referred to in that sub-paragraph was caused by circumstances over which neither he nor any person connected or associated with him had control; or
- (b) in the case of a nomination of a proposed transaction falling within paragraph 2(1)(d) above, in such circumstances as may be prescribed by regulations made by the Board; or
- (c) in any case where the nomination is of a proposed supply or proposed appropriation and the participator is either the field operator or the operator of a relevant system, if the participator is of the opinion that the failure referred to in sub-paragraph (2A) above was caused by action necessarily taken by him in the interests of safety or the prevention of pollution or in accordance with good oil field practice.

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(2C) In relation to such a nomination as is referred to in sub-paragraph (2B)(c) above,—

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

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

(2) In sub-paragraph (3) of paragraph 8—

- (a) for the words “sub-paragraph (2)”, in the first place where they occur, there shall be substituted “the preceding provisions of this paragraph”;
- (b) in paragraph (a) after the word “above” there shall be inserted “or, where sub-paragraph (2B) above applies, that the failure was caused as mentioned in paragraph (a) or paragraph (c) of that sub-paragraph or that the circumstances prescribed for the purposes of paragraph (b) of that sub-paragraph exist”; and
- (c) in paragraph (b), for the words “if sub-paragraph (2)(a)” there shall be substituted “except where sub-paragraph (2)(b) or sub-paragraph (2B)(a)”.

(3) In sub-paragraph (4) of paragraph 8 after the words “sub-paragraph (2)(b)” there shall be inserted “and sub-paragraph (2B)”.

(4) In sub-paragraph (5) of paragraph 8 for the words “preceding provisions of this Schedule” there shall be substituted “provisions of this Schedule (other than this paragraph)”.

4 In paragraph 9 (effective volume for nominated transactions) for sub-paragraph (4) there shall be substituted the following sub-paragraphs—

“(4) In relation to a proposed supply or proposed appropriation where the nominal volume is expressed as mentioned in paragraph 7(5) above and oil is in fact supplied or, as the case may be, relevantly appropriated as proposed in the nomination, the effective volume is whichever is the greater of—

- (a) the minimum nominal volume; and
- (b) so much of the total volume of oil supplied or relevantly appropriated as does not exceed the maximum nominal volume.

(5) In relation to a proposed supply or proposed appropriation which does not fall within sub-paragraph (4) above, the effective volume is the nominal volume.”

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Textual Amendments

F10 Sch. 8 para. 5 repealed (with effect in accordance with Sch. 18 para. 11(3) of the commencing Act) by Finance Act 2006 (c. 25), Sch. 18 para. 11(2), **Sch. 26 Pt. 5(1)**

6 In paragraph 12 (nominations of blended oil by a participator in two or more fields)

- (a) for the words from the beginning to “this Act” there shall be substituted “(1) If a person is a participator in two or more oil fields which, in relation to any blended oil, are or are included among the originating fields, then, in accordance with regulations made by the Board, he may make a nomination, having effect with respect to all the originating fields in which he is a participator, of a proposed sale, supply or appropriation of the blended oil”; and
- (b) at the end there shall be added—
- “(2) In sub-paragraph (1) above “blended oil” and “the originating fields” have the same meaning as in section 63 of this Act.”

SCHEDULE 9

Section 104.

REPEALS

PART I

INCOME TAX AND CORPORATION TAX: GENERAL

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 337(2), paragraph (b).
1970 c. 24.	The Finance Act 1970.	In section 21(4), the words “ordinary annual”. In section 22(2), the words “ordinary annual”.
1982 c. 39.	The Finance Act 1982.	In section 65(1)(a), the words “in a territory”.
1987 c. 16.	The Finance Act 1987.	In Schedule 4, paragraphs 1(2) and 2(2).

1 The repeals in sections 21 and 22 of the Finance Act 1970 have effect in relation to contributions made on or after 6th April 1987.

2 The repeal in section 65 of the Finance Act 1982 has effect in accordance with section 67(6) of this Act.

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PART II

CAPITAL GAINS

Chapter	Short title	Extent of repeal
1972 c. 41.	The Finance Act 1972.	In section 85(6) the words from “exclusive” onwards. Section 93.
1974 c. 30.	The Finance Act 1974.	In section 26(3), in paragraph (a), the words “so much of” and the words from “as remains” to “1972” and, in paragraph (b), the words “as so reduced”.
1975 c. 22.	The Oil Taxation Act 1975.	In section 16(1), the words “on its income”.
1980 c. 48.	The Finance Act 1980.	Section 84(2) to (4).
1984 c. 43.	The Finance Act 1984.	Section 18(6). Section 65. In section 79(5), the words from “(reduced” to “Finance Act 1972)”.
1985 c. 54.	The Finance Act 1985.	Section 72(5).

1 The repeals of section 84(2) to (4) of the Finance Act 1980, section 65 of the Finance Act 1984 and section 72(5) of the Finance Act 1985 come into force on the day appointed under section 81(8) of this Act.

2 The remaining repeals have effect with respect to accounting periods beginning on or after 17th March 1987.

PART III

INHERITANCE TAX

Chapter	Short title	Extent of repeal
1984 c. 51.	The Inheritance Tax Act 1984.	In section 3A, in subsection (2), in paragraph (a) the words “otherwise than as settled property” and in paragraph (b) the words from “otherwise” onwards. Section 49(3). In section 55(2), the words “and such a disposition is

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1986 c. 41.	The Finance Act 1986.	not a potentially exempt transfer”. In Schedule 19, paragraphs 14 and 15.
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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.

PART IV

STAMP DUTY RESERVE TAX

Chapter	Short title	Extent of repeal
1986 c.41.	The Finance Act 1986.	Section 91(2).

This repeal has effect in accordance with section 100(2) of this Act.

PART V

OIL TAXATION

Chapter	Short title	Extent of repeal
1987 c.16.	The Finance Act 1987.	In section 63(1), the words from “and in” onwards.

This repeal has effect for chargeable periods ending after 1st January 1987.

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