



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART I

#### THE CHARGE TO TAX

##### *The six Schedules*

#### 15 Schedule A

(1) The Schedule referred to as Schedule A is as follows:—

##### “SCHEDULE A

- 1 Tax under this Schedule shall be charged on the annual profits or gains arising in respect of any such rents or receipts as follows, that is to say—
  - (a) rents under leases of land in the United Kingdom;
  - (b) rentcharges, ground annuals and feu duties, and any other annual payments reserved in respect of, or charged on or issuing out of, such land;
  - (c) other receipts arising to a person from or by virtue of his ownership of an estate or interest in or right over such land or any incorporeal hereditament or incorporeal heritable subject in the United Kingdom.
- 2 Tax under this Schedule shall be charged by reference to the rents or receipts to which a person becomes entitled in the chargeable period.

##### *Exceptions*

- 3 Paragraph 1 above does not apply—
  - (a) to any yearly interest, or
  - (b) to any profits or gains charged to tax under Schedule D by virtue of section 55, or

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(c) to any payment so charged by virtue of section 119 or 120; and has effect subject also to the provisions of section 98 with respect to tied premises.

4 Where rent is payable under a lease under which the tenant is entitled to the use of furniture and tax in respect of the payment for its use is chargeable under Case VI of Schedule D, tax in respect of the rent shall be charged under that Case instead of under this Schedule unless the landlord elects that this paragraph shall not apply.”

- (2) An election that paragraph 4 of Schedule A shall not apply shall be made by notice to the inspector given within two years after the end of the chargeable period; and where such notice is given, any adjustment of the liability to tax of the person giving it which is required in consequence thereof may be made by an assessment or by repayment or otherwise as the case may require.
- (3) Profits or gains arising in any chargeable period from payments for any easement over or right to use any land made to the person who occupies the land shall not be excluded from the charge to tax under Schedule A by reason only that he is chargeable with respect to the land under Schedule B, but shall be treated for the purposes of Schedule A as limited to the amount (if any) by which they exceed the assessable value for the purposes of Schedule B of his occupation of the land in that period.
- (4) Part II contains further provisions relating to the charge to tax under Schedule A.

## 16 Schedule B

- (1) The Schedule referred to as Schedule B is as follows:—

### “SCHEDULE B

- 1 Tax under this Schedule shall be charged in respect of the occupation of woodlands in the United Kingdom managed on a commercial basis and with a view to the realisation of profits.
- 2 Paragraph 1 above has effect subject to the right given by section 54 to elect for assessment under Schedule D.”

- (2) Tax under Schedule B shall be charged on the occupier of the woodlands on the assessable value of his occupation in the chargeable period, and the amount on which he is chargeable shall be deemed for all tax purposes to be income arising from that occupation.
- (3) For the purposes of tax under Schedule B—
- (a) the assessable value of a person’s occupation of woodlands is an amount equal to one-third of the woodlands’ annual value, or a proportionate part of that amount if the period in respect of which he is chargeable is less than one year, and
  - (b) the annual value of any woodlands shall be determined in accordance with section 837, but as if the land, instead of being woodlands, were let in its natural and unimproved state.
- (4) For the purposes of Schedule B and subsections (2) and (3) above, every person having the use of lands shall be deemed to be the occupier thereof, and references to occupation shall be construed accordingly.

- (5) A person who, in connection with any trade carried on by him, has the use of any woodlands wholly or mainly for the purpose of—
- (a) felling, processing or removing timber; or
  - (b) clearing or otherwise preparing the lands, or any part of them, for replanting;
- shall not be treated as an occupier of the lands for the purposes of Schedule B and subsections (2) and (3) above.
- (6) Subsection (5) above shall not apply where the use in question began before 14th March 1984.

## 17 Schedule C

- (1) The Schedule referred to as Schedule C is as follows:—

### “SCHEDULE C

- 1 Tax under this Schedule shall be charged in respect of all profits arising from public revenue dividends payable in the United Kingdom in any chargeable period.
- 2 Tax under this Schedule shall also be charged in respect of profits arising from public revenue dividends payable in the Republic of Ireland in any chargeable period, being dividends on securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin.
- 3 Where a banker or any other person in the United Kingdom obtains payment of any overseas public revenue dividends by means of coupons received from any other person or otherwise on his behalf, tax under this Schedule shall be charged in respect of the dividends.
- 4 Where—
- (a) any banker in the United Kingdom sells or otherwise realises coupons for any overseas public revenue dividends and pays over the proceeds to any person or carries them to his account, or
  - (b) any dealer in coupons in the United Kingdom purchases any such coupons otherwise than from a banker or another dealer in coupons,
- tax under this Schedule shall be charged in respect of the proceeds of the sale or other realisation.
- 5 Notwithstanding anything in paragraphs 1 to 4 above but subject to paragraph 6 below, where any half-yearly payment in respect of any dividend entrusted to the Bank of England or the Bank of Ireland for payment and distribution or which is payable by the National Debt Commissioners or of which they have the distribution does not exceed £2.50, it shall not be charged under this Schedule, but shall be assessed and charged under Case III of Schedule D.
- 6 Paragraph 5 above does not apply to any payment obtained by means of a coupon in respect of a bond to bearer or stock certificate.”

- (2) Part III contains further provisions relating to the charge to tax under Schedule C and to government securities; and section 45 shall apply for the interpretation of Schedule C.

**18 Schedule D**

(1) The Schedule referred to as Schedule D is as follows:—

“SCHEDULE D

Tax under this Schedule shall be charged in respect of—

- (a) the annual profits or gains arising or accruing—
  - (i) to any person residing in the United Kingdom from any kind of property whatever, whether situated in the United Kingdom or elsewhere, and
  - (ii) to any person residing in the United Kingdom from any trade, profession or vocation, whether carried on in the United Kingdom or elsewhere, and
  - (iii) to any person, whether a Commonwealth citizen or not, although not resident in the United Kingdom from any property whatever in the United Kingdom or from any trade, profession or vocation exercised within the United Kingdom, and
- (b) all interest of money, annuities and other annual profits or gains not charged under Schedule A, B, C or E, and not specially exempted from tax.”

(2) Tax under Schedule D shall be charged under the Cases set out in subsection (3) below, and subject to and in accordance with the provisions of the Tax Acts applicable to those Cases respectively.

(3) The Cases are—

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Case I:	tax in respect of any trade carried on in the United Kingdom or elsewhere;
Case II:	tax in respect of any profession or vocation not contained in any other Schedule;
Case III:	<p>tax in respect of—</p> <ul style="list-style-type: none"> <li>(a) any interest of money, whether yearly or otherwise, or any annuity or other annual payment, whether such payment is payable within or out of the United Kingdom, either as a charge on any property of the person paying the same by virtue of any deed or will or otherwise, or as a reservation out of it, or as a personal debt or obligation by virtue of any contract, or whether the same is received and payable half-yearly or at any shorter or more distant periods, but not including any payment chargeable under Schedule A, and</li> <li>(b) all discounts, and</li> <li>(c) income, except income charged under Schedule C, from securities</li> </ul>

	bearing interest payable out of the public revenue;
Case IV:	tax in respect of income arising from securities out of the United Kingdom except such income as is charged under Schedule C;
Case V:	tax in respect of income arising from possessions out of the United Kingdom not being income consisting of emoluments of any office or employment;
Case VI:	tax in respect of any annual profits or gains not falling under any other Case of Schedule D and not charged by virtue of Schedule A, B, C or E.

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(4) The provisions of Schedule D and of subsection (2) above are without prejudice to any other provision of the Tax Acts directing tax to be charged under Schedule D or under one or other of the Cases set out in subsection (3) above, and tax directed to be so charged shall be charged accordingly.

(5) Part IV contains further provisions relating to the charge to tax under Schedule D.

## 19 Schedule E

(1) The Schedule referred to as Schedule E is as follows:—

### “SCHEDULE E

1 Tax under this Schedule shall be charged in respect of any office or employment on emoluments therefrom which fall under one or more than one of the following Cases—

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Case I:	where the person holding the office or employment is resident and ordinarily resident in the United Kingdom, any emoluments for the chargeable period, subject however to section 192 if the emoluments are foreign emoluments (within the meaning of that section) and to section 193(1) if in the chargeable period he performs the duties of the office or employment wholly or partly outside the United Kingdom and subject also to section 170;
Case II:	where that person is not resident or, if resident, then not ordinarily resident in the United Kingdom, any emoluments for the chargeable period in respect of duties performed in the United Kingdom, subject however

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- to section 192 if the emoluments are foreign emoluments (within the meaning of that section) and subject also to section 170;
- Case III: where that person is resident in the United Kingdom (whether or not ordinarily resident there), any emoluments received in the United Kingdom in the chargeable period being emoluments either for that period or for an earlier period in which he has been resident there and any emoluments for that period received in the United Kingdom in an earlier period;
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- and tax shall not be chargeable in respect of emoluments of an office or employment under any other paragraph of this Schedule.
- 2 Tax under this Schedule shall be charged in respect of every annuity, pension or stipend payable by the Crown or out of the public revenue of the United Kingdom or of Northern Ireland, other than annuities charged under Schedule C.
- 3 Tax under this Schedule shall also be charged in respect of any pension which is paid otherwise than by or on behalf of a person outside the United Kingdom.
- 4 Where—
- (a) any pension or annuity is payable in the United Kingdom by or through any public department, officer or agent of a government of a territory to which this paragraph applies (but otherwise than out of the public revenue of the United Kingdom or of Northern Ireland) to a person who has been employed in relevant service outside the United Kingdom in respect of that service, or
  - (b) any pension or annuity is so payable to the widow, child, relative or dependant of any such person as is mentioned above,
- and the person in receipt of the pension or annuity is chargeable to tax as a person resident in the United Kingdom, the pension or annuity shall be chargeable to tax under this Schedule.
- The territories to which this paragraph applies are—
- (i) any country forming part of Her Majesty's dominions,
  - (ii) any other country for the time being mentioned in Schedule 3 to the British Nationality Act 1981, and
  - (iii) any territory under Her Majesty's protection;
- and in this paragraph "relevant service" means the service of the Crown or service under the government of a territory to which this paragraph applies.
- 5 The preceding provisions of this Schedule are without prejudice to any other provision of the Tax Acts directing tax to be charged under this Schedule and tax so directed to be charged shall be charged accordingly."

- (2) References in the Tax Acts to Cases I, II and III of Schedule E shall be taken as referring to the Cases under which tax is chargeable under paragraph 1 of that Schedule.
- (3) Part V contains further provisions relating to the charge to tax under Schedule E.

## **20 Schedule F**

- (1) The Schedule referred to as Schedule F is as follows:—

### “SCHEDULE F

- 1 Subject to section 95(1)(a), income tax under this Schedule shall be chargeable for any year of assessment in respect of all dividends and other distributions in that year of a company resident in the United Kingdom which are not specially excluded from income tax, and for the purposes of income tax all such distributions shall be regarded as income however they fall to be dealt with in the hands of the recipient.
  - 2 For the purposes of this Schedule and all other purposes of the Tax Acts any such distribution in respect of which a person is entitled to a tax credit shall be treated as representing income equal to the aggregate of the amount or value of that distribution and the amount of that credit, and income tax under this Schedule shall accordingly be charged on that aggregate.”
- (2) No distribution which is chargeable under Schedule F shall be chargeable under any other provision of the Income Tax Acts.
  - (3) Part VI contains further provisions relating to company distributions and tax credits.