



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

#### CHAPTER I

##### SUPPLEMENTARY CHARGING PROVISIONS

#### **53 Farming and other commercial occupation of land (except woodlands)**

- (1) All farming and market gardening in the United Kingdom shall be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the profits and gains thereof shall be charged to tax under Case I of Schedule D accordingly.
- (2) All the farming carried on by any particular person or partnership or body of persons shall be treated as one trade.
- (3) Subject to subsection (4) below, the occupation of land in the United Kingdom for any purpose other than farming or market gardening shall, if the land is managed on a commercial basis and with a view to the realisation of profits, be treated as the carrying on of a trade or, as the case may be, of a part of a trade, and the profits or gains thereof shall be charged to tax under Case I of Schedule D accordingly.
- (4) Subsection (3) above shall not affect the taxation of woodlands which are managed on a commercial basis and with a view to the realisation of profits.

#### **54 Woodlands managed on a commercial basis**

- (1) Any person occupying woodlands which are managed by him on a commercial basis and with a view to the realisation of profits may elect to be assessed and charged to tax in respect of those woodlands under Schedule D instead of under Schedule B.

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- (2) The election of any such person shall be signified by notice to the inspector not later than two years after the end of the chargeable period; and from and after the receipt of the notice—
- (a) the charge upon him for that period shall be under Schedule D; and
  - (b) the profits or gains arising to him from the occupation of the woodlands shall for all purposes be deemed to be profits or gains of a trade chargeable under that Schedule.
- (3) Any such election shall extend to all woodlands so managed on the same estate; and, for the purposes of this subsection, woodlands shall be treated as being on a separate estate if the person occupying them gives notice to the inspector within ten years after the time when they are planted or replanted.
- (4) An election under this section shall have effect not only as respects the chargeable period, but also as respects all future chargeable periods so long as the woodlands are occupied by the person making the election.

## 55 Mines, quarries and other concerns

- (1) Profits or gains arising out of land in the case of any concern specified in subsection (2) below shall be charged to tax under Case I of Schedule D.
- (2) The concerns are—
- (a) mines and quarries (including gravel pits, sand pits and brickfields);
  - (b) ironworks, gasworks, salt springs or works, alum mines or works (not being mines falling within the preceding paragraph) and waterworks and streams of water;
  - (c) canals, inland navigation, docks and drains or levels;
  - (d) fishings;
  - (e) rights of markets and fairs, tolls, bridges and ferries;
  - (f) railways and other ways;
  - (g) other concerns of the like nature as any of the concerns specified in paragraphs (b) to (e) above.

## 56 Transactions in deposits with and without certificates or in debts

- (1) Subsection (2) below applies to the following rights—
- (a) the right to receive the amount, with or without interest, stated in a certificate of deposit;
  - (b) the right to receive an amount payable with interest—
    - (i) in a transaction in which no certificate of deposit or security is issued, and
    - (ii) which is payable by a bank or similar institution or a person regularly engaging in similar transactions;
 and the right to receive that interest.
- (2) Profits or gains arising to a person from the disposal of a right to which this subsection applies or, except so far as it is a right to receive interest, from the exercise of any such right (whether by the person to whom the certificate was issued or by some other person, or, as the case may be, by the person who acquired the right in the transaction referred to in subsection (1) above or by some person acquiring it directly or indirectly

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from that person), shall, if not falling to be taken into account as a trading receipt, be treated as annual profits or gains chargeable to tax under Case VI of Schedule D.

- (3) Subsection (2) above does not apply in the case of the disposal or exercise of a right to receive an amount stated in a certificate of deposit or interest on such an amount—
- (a) if the person disposing of the right acquired it before 7th March 1973;
  - (b) to any profits or gains arising to a fund or scheme in the case of which provision is made by section 592(2), 613, 614(1) to (3) or 620(6) for exempting the whole or part of its income from income tax;
  - (c) in so far as they are applied to charitable purposes only, to any profits or gains arising to a charity within the meaning of section 506.
- (4) For the purposes of this section, profits or gains shall not be treated as falling to be taken into account as a trading receipt by reason only that they are included in the computation required by section 76(2).

- (5) In this section—

“certificate of deposit” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable; and

“security” has the same meaning as in section 82 of the 1979 Act.

## **57 Deep discount securities**

Schedule 4 shall have effect with respect to the treatment for the purposes of income tax and corporation tax of deep discount securities (within the meaning of that Schedule).

## **58 Foreign pensions**

- (1) A pension which—

- (a) is paid by or on behalf of a person outside the United Kingdom, and
- (b) is not charged under paragraph 4 of Schedule E,

shall be charged to tax under Case V of Schedule D.

- (2) Where—

- (a) a person has ceased to hold any office or employment, and
- (b) a pension or annual payment is paid to him, or to his widow or child or to any relative or dependant of his, by the person under whom he held the office or by whom he was employed, or by the successors of that person, and
- (c) that pension or annual payment is paid by or on behalf of a person outside the United Kingdom,

then, notwithstanding that the pension or payment is paid voluntarily, or is capable of being discontinued, it shall be deemed to be income for the purposes of assessment to tax and shall be assessed and charged to tax under Case V of Schedule D as income from a pension.

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## **59 Persons chargeable**

- (1) Subject to subsections (2) and (3) below, income tax under Schedule D shall be charged on and paid by the persons receiving or entitled to the income in respect of which the tax is directed by the Income Tax Acts to be charged.
- (2) Income tax to be charged under Schedule D in respect of any of the concerns mentioned in section 55 shall be assessed and charged on the person carrying on the concern, or on the agents or other officers who have the direction or management of the concern or receive the profits thereof.
- (3) Where, in accordance with that section, income tax is charged under Schedule D on the profits of markets or fairs, or on tolls, fisheries or any other annual or casual profits not distrainable, the owner or occupier or receiver of the profits thereof shall be answerable for the tax so charged, and may retain and deduct the same out of any such profits.
- (4) Subsections (1) to (3) above shall not apply for the purposes of corporation tax.