

## SCHEDULES

### SCHEDULE 21

Sections 570 and 572.

#### TAX RELIEF IN CONNECTION WITH SCHEMES FOR RATIONALIZING INDUSTRY AND OTHER REDUNDANCY SCHEMES

##### PART I

##### PRELIMINARY

1 (1) In this Schedule—

“scheme” means a scheme which is for the time being certified or has at any time been certified by the Secretary of State under section 568;

“payment” means a payment made under a scheme, being a payment made to a person carrying on a trade to which the scheme relates and not being a payment made by way of repayment of contributions;

“the person chargeable” means, in relation to any such payment, the person liable to pay any tax which may fall to be paid by reason of the receipt of the payment;

“damage” includes any loss, liability, expense or other burden, and references to the amount of any damage are references to the sum which would be fair compensation for that damage;

“contribution” includes part of a contribution, and “deductible contribution” means a contribution allowed to be deducted under section 568, any reduction under Part III of this Schedule being left out of account; and

“asset” includes part of an asset.

- (2) For the purposes of this Schedule, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

##### PART II

##### RELIEF IN RESPECT OF CERTAIN PAYMENTS

- 2 The question whether any, and if so, what, relief is to be given shall be determined separately in relation to each payment made under the scheme in respect of the trade, but for the purpose of determining that question regard shall be had, as provided by the following provisions of this Part of this Schedule, to the sum (“the total payment”) produced by adding the amount of the payment to the amount of any payments previously so made.

- 3 No relief shall be given in respect of the payment unless the person chargeable shows—

- (a) the amount of the damage in respect of which the total payment has been made; and
  - (b) how much of that amount is referable to damage in respect of which no relief may be given under the Tax Acts.
- 4 No relief shall be given in respect of the payment unless the total payment, or the amount of the damage in respect of which the total payment has been made, whichever is the smaller, exceeds the aggregate amount of the deductible contributions which have been paid in furtherance of the scheme in respect of the trade in question before the payment is made, exclusive of any contributions which have been repaid before the payment is made.
- 5 The amount of the reduction to be made in respect of the payment shall be arrived at by—
  - (a) ascertaining the sum which bears to the excess mentioned in paragraph 4 above the same proportion that the amount mentioned in paragraph 3(b) above bears to the amount mentioned in paragraph 3(a); and
  - (b) deducting from that sum the total amount of any reductions which have been or fall to be made under this Schedule in respect of payments previously made under the scheme in respect of the trade.
- 6 (1) For the purposes of this Schedule, and subject to sub-paragraph (2) below, damage shall be deemed to be damage in respect of which relief may be given under the Tax Acts if and only if—
  - (a) the damage is attributable to any of the following events, that is to say, the demolition, destruction or putting out of use of any asset, or the disposition or termination of an interest in any asset, and, by reason of that event, an allowance falls to be made under Chapter I or Chapter II of Part I of the 1968 Act in taxing the trade; or
  - (b) the damage consists of any loss, liability, expense or other burden in respect of which an allowance may be made in computing the profits or gains of the trade for the purposes of the Tax Acts.
- (2) Where an allowance under Chapter I of Part I of the 1968 Act in respect of any damage falls to be reduced in the proportion specified in section 3(4) of that Act, only a proportionately reduced amount of the damage shall be treated as being referable to damage in respect of which relief may be given under the Tax Acts.
- (3) Where any event occurs which would give rise to an allowance under the Tax Acts in respect of any asset in taxing, or computing the profits or gains of, a trade but for any of the following matters, that is to say—
  - (a) that there are no profits or gains against which the allowance could be made, or
  - (b) that account is required to be taken of allowances previously made or deemed to have been made in respect of the asset; or
  - (c) that account is required to be taken of any sum which falls to be written off the expenditure incurred on the asset for the purpose of determining whether any and if so what allowance may be given by reason of the event; or
  - (d) that account is required to be taken of any sum falling to be taken into account as sale, insurance, salvage or compensation moneys, the like consequences shall ensue under this Schedule as if an allowance had fallen to be made by reason of that event.

- (4) Where any damage is attributable to a permanent change in the purposes for which an asset is used, or the temporary or permanent putting out of use of an asset, the question whether the damage is damage in respect of which relief may be given under the Tax Acts shall be determined as if the damage had been attributable to a sale of the asset on the date upon which the change or putting out of use took place.

### PART III

#### EXCLUSION OF RELIEF IN RESPECT OF CONTRIBUTIONS PAID AFTER RELIEF HAS BEEN GIVEN UNDER PART II

- 7 The provisions of this Part of this Schedule shall have effect where—
- (a) a contribution is paid under a scheme in respect of a trade; and
  - (b) before the contribution is paid, payments have been made under the scheme to the person carrying on the trade; and
  - (c) reductions have been made, under Part II of this Schedule, in the amounts which, by reason of those payments, are to be treated as trading receipts of the trade.
- 8 There shall be ascertained—
- (a) the total amount of those reductions; and
  - (b) the sum by which that total would have been decreased if the contribution, and any previous contributions to which this Part of this Schedule applies, had been paid before any of the payments were made.
- 9 For the purpose of determining what deduction is to be made in respect of the contribution under section 568, the contribution shall be deemed to be reduced by the sum specified in paragraph 8(b) above, but—
- (a) for the purpose of the application of paragraph 8 above in relation to contributions subsequently paid under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum; and
  - (b) for the purpose of the application of paragraph 5 above in relation to payments subsequently made under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum.
- 10 When two or more contributions are paid at the same time, the provisions of this Part of this Schedule shall have effect as if they were a single contribution.