



# Finance Act 1988

## CHAPTER 39

### FINANCE ACT 1988

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- 1 (1) In subsection (2) of section 1 of the Alcoholic...
- 2 (1) In section 45 of that Act (repayment of duty...

- 3 After subsection (3) of section 52 of that Act (offences...
- 4 After subsection (4) of section 54 of that Act (wine:...
- 5 (1) After subsection (4) of section 55 of that Act...
- 6 After section 55 of that Act there shall be inserted—...
- 7 In section 59 of that Act (rendering imported wine or...
- 8 After subsection (1) of section 60 of that Act (repayment...
- 9 Section 63 of that Act (repayment of duty on imported...
- 10 At the end of subsection (1) of section 71 of...
- 11 In section 72 of that Act (offences by wholesaler or...
- 12 At the end of subsection (1) of section 73 of...
- 13 In Schedule 1 to that Act, for the Table of...

#### SCHEDULE 2 — Vehicles Excise Duty

##### Part I — TABLES SUBSTITUTED IN PART II OF SCHEDULE 4 TO THE 1971 AND 1972 ACTS

##### Part II — VEHICLES CARRYING OR DRAWING EXCEPTIONAL LOADS

- 1 The Vehicles (Excise) Act 1971 (“the 1971 Act”) and the...
- 2 In section 1(2) of each Act (charge of duty), for...
- 3 In Part I of Schedule 3 to each Act (annual...
- 4 In Part I of Schedule 4 to each Act (annual...
- 5 After Schedule 4 to the 1971 Act there shall be...
- 6 The provisions set out in paragraph 5 above shall also...

#### SCHEDULE 3 — Married Couples: Minor and Consequential Provisions

##### Part I — AMENDMENTS OF THE TAXES ACT 1988

##### *Introductory*

- 1 The Taxes Act 1988 shall have effect subject to the...

##### *Commencement of trade etc.*

- 2 In section 62 (special basis for early years following commencement...

##### *Discontinuance of trade etc.*

- 3 In section 63 (special basis on discontinuance of trade etc.)—...

##### *Underpayments*

- 4 In section 203 (PAYE) the following subsection shall be inserted...

##### *Additional relief in respect of children*

- 5 (1) For the year 1990-91 and subsequent years of assessment...
- 6 For the year 1990-91 and subsequent years of assessment the...

##### *Widow's bereavement allowance*

- 7 (1) The section set out in sub-paragraph (2) below shall...

##### *Blind person's allowance*

- 8 For the year 1990-91 and subsequent years of assessment the...

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*Life assurance premiums*

9 For the year 1990-91 and subsequent years of assessment section...

*Payments securing annuities*

10 For the year 1990-91 and subsequent years of assessment the...

*Married couples living together*

11 For the year 1990-91 and subsequent years of assessment the...

*Business expansion scheme*

12 (1) For the year 1990-91 and subsequent years of assessment...

*Qualifying maintenance payments*

13 For the year 1990-91 and subsequent years of assessment section...

*Home loans*

14 For the year 1990-91 and subsequent years of assessment the...

*Loans for shares in employee-controlled company*

15 (1) In section 361 (relief for interest on loans to...

*Close company loans*

16 (1) In section 420(2)(a)(i) (exception from charge in case where...

*Trade unions and employers' associations*

17 (1) In section 467(2) (tax exemption in respect of income...

*Retirement benefit schemes*

18 (1) In section 590 (conditions for approval of retirement benefit...

*Partnership retirement annuities*

19 For the year 1990-91 and subsequent years of assessment section...

20 (1) For the year 1990-91 and subsequent years of assessment...

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21 For the year 1990-91 and subsequent years of assessment section...

*Total income*

22 For the year 1990-91 and subsequent years of assessment section...

Part II — OTHER PROVISIONS

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23 Where— (a) before 6th April 1990, a woman was entitled...

24 Where— (a) before 6th April 1990, a woman was entitled...



*The transition*

- 25 The operation of section 279(1) of the Taxes Act 1988...

*Returns*

- 26 Where a man is required under section 8 of the...  
27 Where a man delivers a return such as is mentioned...  
28 Where a woman is liable to a penalty under section...

*Time limits for assessments*

- 29 Where— (a) for the purpose of making good to the...

*Transfers of allowances*

- 30 For the year 1990-91 and subsequent years of assessment the...

*Class 4 social security contributions*

- 31 For the year 1990-91 and subsequent years of assessment Schedule...

*Annual payments*

- 32 Section 36 of this Act shall have effect in relation...

*Maintenance payments*

- 33 For the year 1990-91 and subsequent years of assessment section...

SCHEDULE 4 — Business Expansion Scheme: Private Rented Housing  
Part I — MODIFICATIONS MADE BY SECTION 50

*Preliminary*

- 1 The modifications of Chapter III of Part VII of the...

*The relief*

- 2 (1) In subsection (1) of section 289 (relief under the...

*Restriction of relief where amounts raised exceed permitted maximum*

- 3 (1) In subsection (1) of section 290A (restriction of relief...

*Individuals qualifying for relief*

- 4 In section 291 (individuals qualifying for relief), after subsection (1)...

*Parallel trades*

- 5 Section 292 (parallel trades) shall be omitted.

*Qualifying companies*

- 6 (1) For subsection (2) of section 293 (qualifying companies) there...

*Companies with interests in land etc.*

- 7 The following shall be omitted, namely— (a) section 294 (companies...

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*Qualifying trades etc.*

8 The following shall also be omitted, namely—

*Replacement capital*

9 (1) In subsection (1) of section 302 (replacement capital), for...

*Claims*

10 In subsections (2) and (3) of section 306 (claims), for...

*Subsidiaries*

11 In subsection (1) of section 308 (application to subsidiaries), for...

12 In subsection (2) of section 309 (further provisions as to...

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13 (1) Section 50 of this Act does not apply to...

*Unfit and sub-standard dwelling-houses*

14 Section 50 of this Act does not apply to—

*Dwelling-houses already let etc.*

15 (1) Section 50 of this Act does not apply to...

*Dwelling-houses already qualifying for relief*

16 (1) Section 50 of this Act does not apply to...

*Dwelling-houses qualifying for capital allowances*

17 Section 50 of this Act does not apply to a...

*Interpretation of certain expressions: Scotland*

18 In the application of the above provisions of this Part...

SCHEDULE 5 — Underwriters: Assessment and Collection of Tax

*Preliminary*

1 (1) In this Schedule— “agent”, in relation to a syndicate...

*Returns by agent*

2 (1) An inspector may, at any time after the end...

*Payments on account of tax*

3 (1) In the case of a syndicate profit for a...

*Determinations by inspector*

4 (1) If the inspector is satisfied that a return under...

### *Appeals*

5 (1) The agent may appeal against a determination under paragraph...

#### *Modification of determinations pending appeal*

6 (1) Where the agent appeals against a determination under paragraph...

#### *Apportionments of syndicate profit or loss*

7 (1) Where a determination of a syndicate profit or loss...

#### *Individual members: effect of determinations*

8 (1) A determination of a syndicate profit or loss for...

#### *Assessment of individual members: time limits*

9 For the purposes of sections 36, 37, 40 and 41...

#### *Supplemental: penalties*

10 (1) If it appears to an inspector or the Board...

#### *Supplemental: interest*

11 (1) Interest charged under paragraph 3(4) above shall be treated...

### SCHEDULE 6 — Commercial Woodlands

#### *Preliminary*

1 In this Schedule “commercial woodlands” means woodlands in the United...

#### *Abolition of charge under Schedule B*

2 (1) The charge to tax under Schedule B in respect...

#### *Abolition of Schedule D election etc.*

3 (1) Section 54 of the Taxes Act 1988 and section...

#### *Transitional provisions*

4 (1) Where this paragraph applies in relation to a person’s...

5 (1) For any chargeable period in relation to which an...

#### *Consequential amendments*

6 (1) In section 69 of the Capital Allowances Act 1968,...

### SCHEDULE 7 — Exceptions to Rule in Section 66(1)

#### *Cases where rule does not apply*

1 (1) Subject to sub-paragraphs (2) and (3) below, section 66(1)...

2 (1) Subject to sub-paragraphs (2) and (3) below, section 66(1)...

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*Cases where rule does not apply until end of transitional period*

- 3 (1) Subject to sub-paragraph (2) below, in relation to a...  
4 (1) Subject to sub-paragraph (2) below, in relation to a...

*Supplemental*

- 5 (1) In this Schedule— “the commencement date” means the date...

SCHEDULE 8 — Capital Gains: Assets Held on 31st March 1982

*Previous no gain/no loss disposals*

- 1 (1) Where— (a) a person makes a disposal, not being...  
2 (1) Sub-paragraph (2) below applies where a person makes a...

*Capital allowances*

- 3 If under section 96 of this Act it is to...

*Part disposals*

- 4 Where, in relation to a disposal to which section 96(2)...

*Assets derived from other assets*

- 5 Section 96 of this Act shall have effect with the...

*Group transactions*

- 6 In relation to disposals to which section 96(2) of this...

*Close companies*

- 7 In relation to disposals to which section 96(2) of this...

*Private residence relief*

- 8 In relation to disposals on or after 6th April 1988,...

*Replacement of business assets*

- 9 In relation to disposals on or after 6th April 1988,...

*Apportionment of pre-1965 gains and losses*

- 10 In a case where because of paragraph 11 of Schedule...

*Indexation allowance*

- 11 In relation to disposals on or after 6th April 1988,...

*Elections under section 96(5): excluded disposals*

- 12 (1) An election under section 96(5) of this Act shall...

*Elections under section 96(5): groups of companies*

- 13 (1) A company may not make an election under section...  
14 (1) In paragraph 13 above “the relevant time”, in relation...

## SCHEDULE 9 — Deferred Charges on Gains Before 31st March 1982

### *Reduction of deduction or gain*

- 1 Where this Schedule applies— (a) in a case within paragraph...

### *Charges rolled-over or held-over*

- 2 (1) Subject to sub-paragraph (2) below, this Schedule applies on...

### *Postponed charges*

- 3 (1) Subject to sub-paragraph (3) below, this Schedule applies where—...

### *Previous no gain/no loss disposals*

- 4 Where— (a) a person makes a disposal of an asset...  
5 (1) Sub-paragraph (2) below applies where— (a) on or after...  
6 For the purposes of this Schedule “no gain/no loss disposal”...

### *Assets derived from other assets*

- 7 The references in paragraphs 2(1)(c) and 3(1)(b) above to the...

### *Claims*

- 8 (1) No relief shall be given under this Schedule unless...

## SCHEDULE 10 — Gains Arising from Certain Settled Property

### *Charge on settlor with interest in settlement*

- 1 (1) Subject to paragraphs 3 and 4 below, this paragraph...  
2 (1) Subject to sub-paragraphs (2) and (3) below, for the...  
3 (1) Paragraph 1 above does not apply where the settlor...  
4 Paragraph 1 above does not apply unless the settlor is,...

### *Right of recovery*

- 5 (1) Where any tax becomes chargeable on and is paid...

### *Meaning of “settlor” etc.*

- 6 (1) For the purposes of this Schedule a person is...

### *Information*

- 7 (1) An inspector may by notice require any person who...

### *Shares in non-resident companies*

- 8 The reference in paragraph 1(1)(a) above to gains accruing to...

### *Maintenance funds for historic buildings*

- 9 Where the trustees of a settlement have elected that section...

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### *Commencement*

10 This Schedule shall have effect for the year 1988-89 and...

### SCHEDULE 11 — Capital Gains Indexation: Groups and Associated Companies

#### *Debts*

- 1 (1) Subject to sub-paragraph (3) below, where—  
2 Where— (a) there is a disposal by a company of...

#### *Shares*

- 3 (1) This paragraph applies— (a) where there is a disposal...

#### *Linked companies*

- 4 For the purposes of this Schedule companies are linked companies...

#### *Supplementary*

- 5 Where a disposal of a holding of shares follows one...  
6 (1) In this Schedule “redeemable preference shares” means shares in...

### *Commencement*

- 7 This Schedule shall apply to disposals on or after 15th...

### SCHEDULE 12 — Building Societies: Change of Status

#### *Introductory*

- 1 Paragraphs 2 to 7 below apply where there is a...

#### *Gilt-edged securities and other financial trading stock*

- 2 (1) For the purposes of section 100(1) of the Taxes...

#### *Capital allowances*

- 3 (1) For the purposes of the allowances and charges provided...

#### *Capital gains: assets acquired from society, etc.*

- 4 (1) Where the society and the successor company are not...

#### *Capital gains: shares, and rights to shares, in successor company*

- 5 (1) Where, in connection with the transfer, there are conferred...

#### *Distributions*

- 6 (1) Where, in connection with the transfer, qualifying benefits are...

#### *Contractual savings schemes*

- 7 The following provisions, namely— (a) section 326 of the Taxes...

*Stamp duty*

8 Section 109 of the Building Societies Act 1986 (exemption from...

SCHEDULE 13 — Post-Consolidation Amendments

Part I — AMENDMENTS OF THE TAXES ACT 1988

- 1 The Taxes Act 1988 shall have effect, and shall be...
- 2 In section 61(4) after the word “where” there shall be...
- 3 In section 162(1) after the word “Where” there shall be...
- 4 In section 178(1)(a) after the word “with” there shall be...
- 5 In section 533(4) after “1949” there shall be inserted the...
- 6 In section 591(5) and (6) after the word “made” there...
- 7 In section 824— (a) in subsection (1) the following paragraphs...
- 8 In section 825— (a) the following subsection shall be inserted...
- 9 In paragraph 2 of Schedule 10 after sub-paragraph (c) there...
- 10 In paragraph 17(2)(a) of Schedule 15 after the words “but...
- 11 In paragraph 18(2) of that Schedule for “1 to 9”...
- 12 In paragraph 4(3)(b) of Schedule 27 for “416” there shall...
- 13 In paragraph 8 of Schedule 29 for the words “added...
- 14 In the Table in paragraph 32 of that Schedule the...
- 15 The repeals made in section 47 of the Finance (No...

Part II — AMENDMENTS OF OTHER ENACTMENTS

*The Capital Gains Tax Act 1979 (c. 14)*

- 16 In section 34(4)(a) of the Capital Gains Tax Act 1979...
- 17 In section 149B(1)(c) of that Act for “614(4)” there shall...
- 18 In section 155(2) of that Act for “282(1) and (2)”...

*The Finance Act 1980 (c. 48)*

- 19 In section 101 of the Finance Act 1980 for the...
- 20 In section 109(8)(b) of that Act for the words “Part...

*The Finance Act 1981 (c. 35)*

- 21 In section 110 of the Finance Act 1981 for the...

*The Finance Act 1984 (c. 43)*

- 22 In section 80(5)(b) of the Finance Act 1984 for the...

*The Finance Act 1986 (c. 41)*

- 23 In section 94(5) of the Finance Act 1986 for the...

*The Finance Act 1987 (c. 16)*

- 24 The repeals made by the Finance Act 1987 in section...

*Commencement*

- 25 The amendments made by paragraphs 16 to 23 of this...

SCHEDULE 14 — Repeals

Part I — CUSTOMS AND EXCISE

Part II — VEHICLES EXCISE DUTY

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- Part III — VALUE ADDED TAX
- Part IV — INCOME AND CORPORATION TAX: GENERAL
- Part V — COMMERCIAL WOODLANDS
- Part VI — UNAPPROVED EMPLOYEE SHARE SCHEMES
- Part VII — CAPITAL GAINS: GENERAL
- Part VIII — MARRIED COUPLES
- Part IX — TAX APPEALS ETC. IN NORTHERN IRELAND
- Part X — INHERITANCE TAX
- Part XI — STAMP DUTY