



Finance Act 1991

CHAPTER 31

FINANCE ACT 1991

PART I

CUSTOMS AND EXCISE, VALUE ADDED TAX AND CAR TAX

CHAPTER I

CUSTOMS AND EXCISE

Rates of duty

- 1 Spirits, beer, wine, made-wine and cider.
- 2 Tobacco products.
- 3 Hydrocarbon oil.
- 4 Vehicles excise duty.
- 5 Pool betting duty.
- 6 Gaming licence duty.

Duties of excise: other provisions

- 7 Beer duty.
- 8 Vehicles excise duty: exemptions.
- 9 Vehicles excise duty: combined transport.
- 10 Extension of Vehicles (Excise) Act 1971 to Northern Ireland.

Management

- 11 Revenue traders and registered excise dealers and shippers.
- 12 Protection of the revenues derived from excise duties.

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CHAPTER II

VALUE ADDED TAX

- 13 Rate.
- 14 Person supplied for input tax purposes.
- 15 Bad debts.
- 16 Groups of companies.
- 17 Interest on overpayments etc.
- 18 Reduction of penalty for serious misdeclaration etc.

CHAPTER III

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- 19 Vehicles leased to the handicapped.
- 20 Research vehicles.

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Income tax rates and allowances

- 21 Charge and rates of income tax for 1991-92.
- 22 Married couple's allowance.

Corporation tax rates

- 23 Rate of corporation tax for 1990.
- 24 Charge and rate of corporation tax for 1991.
- 25 Small companies.

Interest

- 26 Relief for interest.
- 27 Abolition of higher rate relief on certain mortgage interest etc.
- 28 Mortgage interest relief: caravans.

Benefits in kind

- 29 Car benefits.
- 30 Mobile telephones.
- 31 Beneficial loans: increase of de minimis limit.

Vocational training

- 32 Relief.
- 33 Section 32: supplementary.

Retirement benefits schemes

- 34 Conditions for approval: amendments.

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- 35 Cessation of approval.
- 36 Cessation of approval: general provisions.

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- 37 Profit-related pay: increased relief.
- 38 Employee share schemes: non-discrimination.
- 39 Approved share option schemes: price at which shares may be acquired.
- 40 Savings-related share option schemes.
- 41 Profit sharing schemes.
- 42 Costs of establishing share option or profit sharing schemes: relief.
- 43 Costs of establishing employee share ownership trusts: relief.
- 44 Priority share allocations for employees etc.

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- 45 Seafarers.
- 46 Workers in Kuwait or Iraq.

Insurance companies and friendly societies

- 47 Investor protection schemes.
- 48 Assimilation of basic life assurance business and general annuity business.
- 49 Pension business: payments on account of tax credits and deducted tax.
- 50 Friendly societies.

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- 51 Qualifying shares.
- 52 Marketable securities.
- 53 Income Tax (Building Societies) Regulations 1986.

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- 54 New issues.
- 55 Purchase and sale of securities: options.
- 56 Bondwashing.
- 57 Stock lending.
- 58 Manufactured dividends and interest.

Capital allowances

- 59 Interaction with VAT capital goods scheme.
- 60 Toll roads.
- 61 Hiring motor cars.

Oil industry

- 62 Expenditure on and under abandonment guarantees.
- 63 Relief for reimbursement expenditure under abandonment guarantees.
- 64 Relief for expenditure incurred by a participator in meeting defaulter's abandonment expenditure.
- 65 Reimbursement by defaulter in respect of certain abandonment expenditure.

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- 66 Restriction on setting ACT against liability to corporation tax on profits from oil extraction activities etc.
- 67 Oil licences.

Miscellaneous

- 68 Gifts to educational establishments.
- 69 Expenses of entertainers.
- 70 Personal equity plans.
- 71 Donations to charity.
- 72 Deduction of trading losses.
- 73 Relief for company trading losses.
- 74 Trade unions and employers' associations.
- 75 Audit powers in relation to non-residents.
- 76 Capital element in annuities.
- 77 Definition of "normal commercial loan".
- 78 Sharing of transmission facilities.
- 79 Abolition of CRT: consequential amendment.
- 80 Interest on certain debentures.
- 81 Agents acting for non-residents.
- 82 Certificates of non-liability to tax.

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- 83 Trustees ceasing to be resident in U.K.
- 84 Death of trustee: special rules.
- 85 Past trustees: liability for tax.
- 86 Trustees ceasing to be liable to U.K. tax.
- 87 Acquisition by dual resident trustees.
- 88 Disposal of settled interest.
- 89 Non-resident settlements where settlor has an interest.
- 90 Settlements: beneficiaries charged on capital payments.
- 91 Settlements: further provisions about beneficiaries.
- 92 Settlements with foreign element: miscellaneous.

Private residence

- 93 Meaning of permitted area.
- 94 Amount of relief.

Miscellaneous

- 95 Housing for Wales.
- 96 Scottish Homes.
- 97 Foreign assets: delayed remittances.
- 98 Corporate bonds.
- 99 Indexation.
- 100 Relief on certain business etc. disposals by persons over 55 or who retire under that age for ill health.
- 101 Amendments of rebasing provisions.
- 102 Traded options: closing purchases.

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PART III

OIL TAXATION

Abandonment etc.

- 103 Allowance of certain expenditure relating to abandonment, decommissioning assets, etc.
- 104 Abandonment guarantees.
- 105 Restriction of expenditure relief by reference to payments under abandonment guarantees.
- 106 Relief for reimbursement expenditure under abandonment guarantees.
- 107 Allowance of expenditure of participator meeting defaulter's field abandonment expenditure.
- 108 Reimbursement by defaulter in respect of certain abandonment expenditure.

Penalties

- 109 PRT: proceedings for penalties.

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STAMP DUTY AND STAMP DUTY RESERVE TAX

- 110 Stamp duty abolished in certain cases.
- 111 Stamp duty reduced in certain cases.
- 112 Apportionment of consideration for stamp duty purposes.
- 113 Certification of instruments for stamp duty purposes.
- 114 Acquisition under statute: exempt property.
- 115 Northern Ireland bank notes: duty abolished.
- 116 Investment exchanges, clearing houses and central securities depositories: stamp duty
- 117 Investment exchanges, clearing houses and central securities depositories: SDRT

PART V

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Miscellaneous

- 118 Designated international organisations: miscellaneous exemptions.
- 119 Trading funds.
- 120 National savings: date of issue of repayment warrants etc.
- 121 Pools payments to support games etc.

General

- 122 Interpretation etc.
- 123 Repeals.
- 124 Short title.

SCHEDULES

SCHEDULE 1 —

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TABLE OF RATES OF DUTY ON WINE AND MADE-WINE
Description...

SCHEDULE 2 — AMENDMENTS RELATING TO BEER DUTY

General amendment of enactments relating to beer

1 Subject to section 7 of this Act and the following...

The Alcoholic Liquor Duties Act 1979 (c.4)

- 2 In section 1 of the Alcoholic Liquor Duties Act 1979,...
- 3 (1) In section 2 of that Act, in subsection (3A)...
- 4 In section 3 of that Act (meaning of, and method...
- 5 (1) Section 4(1) of that Act (definitions) shall be amended...
- 6 Sections 37, 38 and 39 of that Act (which make...
- 7 Section 40 of that Act (duty on imported beer etc)...
- 8 For section 41 of that Act (exemption from duty of...
- 9 In section 42 of that Act (drawback on exportation, removal...
- 10
- 11 In section 44 of that Act (remission or repayment of...
- 12
- 13 For section 46 of that Act (remission or repayment of...
- 14 For section 49 of that Act (power to regulate manufacture...
- 15 (1) In section 49A of that Act, in subsection (1)...
- 16 Section 50 of that Act (regulations as respects sugar kept...
- 17
- 18 Section 53 of that Act (limited licences to brew) shall...
- 19 Section 71A of that Act (restrictions on adding substances to...
- 20 Section 72 of that Act (offences by wholesaler or retailer...

The Bankruptcy (Scotland) Act 1985 (c.66)

21 In Schedule 3 to the Bankruptcy (Scotland) Act 1985 (list...

The Insolvency Act 1986 (c.45)

- 21A In section 386(1) of the Insolvency Act 1986 (categories of...
- 22 In Schedule 6 to the Insolvency Act 1986 (categories of...

The Insolvency (Northern Ireland) Order 1989

- 22A In Article 346(1) of the Insolvency (Northern Ireland) Order 1989...
- 23 In Schedule 4 to the Insolvency (Northern Ireland) Order 1989...

The Licensing (Northern Ireland) Order 1990

24

SCHEDULE 3 — MODIFICATION OF ENACTMENTS EXTENDED TO
NORTHERN IRELAND

Part I — THE VEHICLES (EXCISE) ACT 1971

Introduction

1

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Excise duty on, and licensing of, mechanically propelled vehicles

2

Exemptions from duty

3
4
5 (1) In section 7 (miscellaneous exemptions from duty)—

Liability to pay duty and consequences of non-payment

6
7
8
9 (1) In section 18A (additional liability in relation to alteration...
10 (1) Section 18B (combined transport of goods) shall be amended...

Registration and registration marks, etc.

11

Miscellaneous

12
13
14
15
16
17

Supplementary

18
19

Schedules

20
21
22
23

— SECTION 11 OF THE FINANCE ACT 1976

24 In section 11 of the Finance Act 1976, for subsection...

SCHEDULE 4 — REGISTERED EXCISE DEALERS AND SHIPPERS

SCHEDULE 5 — PROTECTION OF THE REVENUES DERIVED FROM
EXCISE DUTIES

SCHEDULE 6 — RESTRICTION OF HIGHER RATE RELIEF: BENEFICIAL
LOANS ETC

Taxation of beneficial loan arrangements

1 (1) In section 160 of the Taxes Act 1988 (charge...
2

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- 3 (1) In Schedule 7 to that Act (taxation of benefit...
- 4 Paragraph 6 of that Schedule (meaning of “interest eligible for...
- 5

Applicable rates of capital gains tax

- 6

SCHEDULE 7 — BASIC LIFE ASSURANCE AND GENERAL ANNUITY BUSINESS

Management expenses

- 1 In section 76 of the Taxes Act 1988 (expenses of...

Interpretation of Chapter I of Part XII

- 2

Apportionment of income and gains

- 3

Computation of trading profit

- 4 (1) In section 436 of that Act (general annuity business...

Deduction for annuities referable to basic life assurance and general annuity business

- 5

Transfer of assets between classes of business

- 6

United Kingdom branches of overseas life assurance companies

- 7 (1) In section 446 of that Act (computation under section...

Treatment of tax-free income

- 8 In section 474 of that Act, in subsection (1)(b) (certain...

Life annuity contracts: taxation of gain on chargeable event

- 9

Computation of offshore income gains

- 10

Interpretation of sections 85 to 89 of Finance Act 1989

- 11

Miscellaneous receipts

- 12

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Spreading of relief for acquisition expenses

13 (1)

Deemed disposal of unit trusts etc

14

Exemptions and exclusions from charges by virtue of section 46

15

Transitional relief for old general annuity contracts

16 (1) In the application of the I - E rules...

Transitional provisions for chargeable gains and unrelieved general annuity losses

17 (1) An insurance company's unrelieved general annuity losses shall be...

Application of this Schedule

18 Paragraphs 1, 3, 4, 5, 6(1) and (2), 7, 8,...

SCHEDULE 8 —

SCHEDULE 9 — FRIENDLY SOCIETIES

Tax exempt life or endowment business

1

2

Maximum benefits payable to members

3 (1) Section 464 of that Act (maximum benefits payable to...

Qualifying policies

4 (1) In Schedule 15 to that Act (qualifying policies) in...

5 (1) This paragraph applies to any policy—

SCHEDULE 10 — BUILDING SOCIETIES: QUALIFYING SHARES

Capital gains: exemption

1

Accrued income scheme: inclusion

2 (1) Section 710 of the Taxes Act 1988 (meaning of...

Incidental costs of issue

3 (1) The following section shall be inserted after section 477A...

Preferential rights of acquisition

4

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SCHEDULE 11 — BUILDING SOCIETIES: MARKETABLE SECURITIES

Deduction of income tax

- 1 (1) Section 349 of the Taxes Act 1988 (annual interest...
- 2 (1) Section 477A of the Taxes Act 1988 (building societies:...

Collection

- 3 (1) Schedule 16 to the Taxes Act 1988 (collection of...
- 4 (1) A building society may not make more than one...

Information

- 5 (1) In section 18 of the Taxes Management Act 1970...

SCHEDULE 12 — SECURITIES: NEW ISSUES

General treatment of extra return

- 1 The following section shall be inserted after section 587 of...

Accrued income scheme

- 2 The following section shall be inserted after section 726 of...

Deep discount securities

- 3

Deep gain securities

- 4

General

- 5 This Schedule applies if the new securities are issued on...

SCHEDULE 13 — MANUFACTURED DIVIDENDS AND INTEREST

The new arrangements

- 1 After Schedule 23 to the Taxes Act 1988 there shall...

Power to obtain information in connection with dealings in securities

- 2

Manufactured dividends etc: amendments of section 737

- 3 (1) Section 737 of the Taxes Act 1988 (manufactured dividends:...

Consequential provisions

- 4

SCHEDULE 14 —

Part I — INDUSTRIAL BUILDINGS AND STRUCTURES

Buildings and structures in enterprise zones

- 1 In section 1 of the Capital Allowances Act 1990 (enterprise...

Transitional relief for regional projects

- 2 (1) In section 2 of that Act, in subsection (1)...

Writing-down allowances

- 3 (1) In section 3 of that Act (writing-down allowances in...

Balancing allowances and balancing charges

- 4 (1) In section 4 of that Act, in subsection (1)...

Writing off of expenditure and meaning of “residue of expenditure

- 5 (1) In section 8 of that Act, for subsection (2)...

Part II — MACHINERY AND PLANT

Transitional relief for regional projects

- 6 (1) In section 22 of that Act (first-year allowances: transitional...

Writing-down allowances and balancing adjustments

- 7 (1) In section 24 of that Act, after subsection (1)...

The disposal value

- 8 (1) In section 26 of that Act (which defines the...

Short-life assets

- 9 (1) In section 37 of that Act, after subsection (4)...

Fixtures

- 10

Further restrictions on allowances

- 11 (1) In section 75 of that Act (connected persons etc)...

Part III — SCIENTIFIC RESEARCH

Deduction for additional VAT liability on capital expenditure

- 12 (1) In section 137 of that Act (deductions for capital...

Charge in respect of additional VAT rebate on capital expenditure

- 13 (1) In section 138 of that Act, after subsection (2)...

Part IV — SUPPLEMENTARY PROVISIONS

General provisions about additional VAT liabilities and rebates

- 14 In section 159 of that Act, in subsection (2) (time...

SCHEDULE 15 — RELIEF FOR COMPANY TRADING LOSSES

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The Taxes Management Act 1970 (c. 9)

- 1 (1) In section 86 of the Taxes Management Act 1970...
- 2

The Income and Corporation Taxes Act 1988 (c. 1)

- 3 In section 114 of the Taxes Act 1988 (special rules...
- 4 In section 118 of that Act (restriction on relief: companies)—...
- 5
- 6
- 7 (1) In section 343 of that Act (company reconstructions without...
- 8 In section 393 of that Act (losses other than terminal...
- 9
- 10 In section 397(2) of that Act (which excludes certain losses...
- 11 In section 399 of that Act (dealings in commodity futures...
- 12 In section 400 of that Act (write-off of government investment)...
- 13 (1) In section 403 of that Act (losses etc which...
- 14 (1) In section 407 of that Act (relationship between group...
- 15 In section 434 of that Act (insurance companies: franked investment...
- 16 In section 458 of that Act (capital redemption business) in...
- 17 In section 492 of that Act (treatment of oil extraction...
- 18
- 19 (1) In section 518 of that Act (harbour reorganisation schemes)...
- 20 (1) After section 768 of that Act (change in ownership:...
- 21 In section 808 of that Act (restriction on deduction of...
- 22 In section 825 of that Act, in subsection (4) (restrictions...
- 23 In section 826 of that Act (interest on tax overpaid)...
- 24 In section 843 of that Act (commencement) in subsection (4)...
- 25 In Schedule 5 to that Act (treatment of farm animals...
- 26
- 27 (1) In Schedule 30 to that Act (transitional provisions and...

The Capital Allowances Act 1990 (c. 1)

- 28

SCHEDULE 16 —

Conditions for the charge

- 1

The charge

- 2

Construction of paragraph 1(1)(e)

- 3

Test whether settlor has interest

- 4

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Exceptions to charge

- 5
- 6
- 7

Right of recovery

- 8

Meaning of “settlor”

- 9

Meaning of “originating”

- 10

Qualifying settlements, and commencement

- 11

Information

- 12
- 13
- 14
- 15
- 16
- 17

SCHEDULE 17 —

Introduction

- 1

Qualifying amounts

- 2

Matching capital payments

- 3

Increased tax: the main rule

- 4

More than one qualifying amount

- 5

Payment partly ignored

- 6

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Parts of amounts matched

7

Transfers between settlements

8

Matching after transfer

9

SCHEDULE 18 —

Computation rules

1

Dual-resident settlements

2

3

Payments by and to companies

4

Beneficiaries

5

Other amendments

6

SCHEDULE 19 — REPEALS

Part I — BETTING AND GAMING DUTIES

Part II — BEER DUTY

Part III — VEHICLES EXCISE DUTY: GENERAL

1 The repeals in section 4 of each of the Vehicles...

2 The repeals of section 7(4) of each of the 1971...

3 The repeals of section 38(4) of, and Schedule 6 to,...

4 The repeal in Schedule 2 to the Finance Act 1985,...

Part IV — VEHICLE EXCISE DUTY: NORTHERN IRELAND

Part V — INCOME TAX AND CORPORATION TAX

1 The repeal of section 78(4) of the Taxes Management Act...

2 The repeal in section 86 of the Taxes Management Act...

3 The repeals in sections 76, 432A, 436, 437, 446, 447,...

4 The following repeals have effect in relation to losses incurred...

5 The repeals of section 339A of the Income and Corporation...

6 The following repeals have effect for the year 1991-92 and...

7 The repeals in section 465 of, and Schedule 15 to,...

8 The repeal of section 590(5) and (6) of the Income...

9 The repeals of sections 737(4) and 738(2) of the Income...

10 The repeal of section 62(2) of the Finance Act 1989...

11 The repeals in sections 2(1), 3(3) and 26(1) of the...

12 The repeal of section 25(2)(h) of the Finance Act 1990...

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Part VI — CAPITAL GAINS

- 1 The repeals in sections 342 and 342A of the Income...
- 2 The repeals of section 80(2) of the Finance Act 1980...
- 3 The repeal in section 64 of the Finance Act 1984...
- 4 The remaining repeals (other than the repeal in Schedule 9...

Part VII — STAMP DUTY

Part VIII — TRADING FUNDS

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Changes and effects yet to be applied to :

- s. 65(6) words substituted by [2008 c. 9 Sch. 39 para. 27](#) (This effect superseded by the repeal of s 65 by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 222, Sch. 3 Pt. 2 (with Sch. 2) and Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 186, Sch. 10 Pt. 6)
- Sch. 2 para.009 repealed by [1998 c. 36 Sch. 27 Pt. 1\(1\) Note](#)