



Finance Act 1998

1998 CHAPTER 36

PART VI

MISCELLANEOUS AND SUPPLEMENTAL

Fiscal stability

155 Code for fiscal stability

- (1) It shall be the duty of the Treasury to prepare and lay before Parliament a code for the application of the key principles to the formulation and implementation of—
 - (a) fiscal policy, and
 - (b) policy for the management of the National Debt.
- (2) The key principles are transparency, stability, responsibility, fairness and efficiency.
- (3) The code prepared under this section must set out, in particular—
 - (a) the Treasury's understanding of what each of the key principles involves in relation to fiscal policy and policy for the management of the National Debt;
 - (b) the provision appearing to the Treasury to be necessary for the purposes of so much of section 156 below as refers to the code; and
 - (c) the methods and principles of accounting to be applied in the preparation of accounts, forecasts and other documents used for the purposes of the formulation and implementation of the policies mentioned in subsection (1) above.
- (4) Where any code has been laid before Parliament under subsection (1) above, the Treasury may from time to time modify that code; but, if they do so, they shall lay the modified code before Parliament.
- (5) A code (including a modified code) that has been laid before Parliament under this section shall not come into force until it has been approved by a resolution of the House of Commons.

Status: This is the original version (as it was originally enacted).

- (6) It shall be the duty of the Treasury to publish, in such manner as they think fit, any code which has been laid before Parliament and approved by the House of Commons under this section.
- (7) The first code to be laid before Parliament under this section shall be so laid before 31st December 1998.

156 Annual Budget documents

- (1) It shall be the duty of the Treasury, for each financial year, to prepare and lay before Parliament the following documents, that is to say—
 - (a) a Financial Statement and Budget Report;
 - (b) an Economic and Fiscal Strategy Report; and
 - (c) a Debt Management Report.
- (2) The preparation and laying before Parliament of the Financial Statement and Budget Report for any financial year shall be preceded, in such cases and by such period as may be set out in the code for fiscal stability, by the preparation by the Treasury of a document to be known as the Pre-Budget Report.
- (3) The Treasury shall lay before Parliament any Pre-Budget Report prepared by them under subsection (2) above.
- (4) The contents of the documents which the Treasury are required to prepare and lay before Parliament under this section, and the occasions on which those documents are to be so laid, must conform to any provision about those matters made by the code for fiscal stability.
- (5) It shall be the duty of the Comptroller and Auditor General to examine and report to the House of Commons on such of the conventions and assumptions underlying the preparation by the Treasury of the documents prepared by them under this section as, in accordance with the code for fiscal stability, are submitted to him by the Treasury for his examination.
- (6) A report by the Comptroller and Auditor General under subsection (5) above must be made at the same time as, or as soon as reasonably practicable after, the laying before Parliament of the documents to which it is referable.
- (7) It shall be the duty of the Treasury to secure the publication in the manner required by the code for fiscal stability of any document which they have laid before Parliament under this section.
- (8) In this section “the code for fiscal stability” means the code for the time being in force under section 155 above.
- (9) The first financial year for which the documents mentioned in subsection (1) above are required to be prepared and laid before Parliament is the year beginning with 1st April 1999.

157 Supplementary powers of the Comptroller and Auditor General

- (1) The Comptroller and Auditor General—

- (a) shall have a right of access, at all reasonable times, to all such relevant Government documents as he may reasonably require for the purpose of carrying out any examination under section 156(5) above; and
 - (b) shall be entitled to require from any person holding or accountable for any relevant Government documents any assistance, information or explanation which he reasonably thinks necessary for that purpose.
- (2) In this section “relevant Government documents” means documents in the custody or under the control of the Government department primarily responsible for the adoption or formulation of the convention or assumption in question.

Government borrowing

158 Treasury’s position regarding their own securities

- (1) This section applies to securities issued by or on behalf of the Treasury, here referred to as Treasury securities.
- (2) Any powers which relate to Treasury securities and which are conferred on the Treasury in a capacity other than issuer may be exercised by them, and no rule of law preventing a person contracting with himself shall prevent them exercising the powers.
- (3) The powers referred to in subsection (2) above include powers to acquire, hold and transfer securities and to make agreements with regard to them.
- (4) If Treasury securities are acquired under powers conferred on the Treasury, until they are transferred or redeemed they shall be treated as held by the persons for the time being constituting the Treasury.

159 Treasury bills

- (1) In section 8 of the Treasury Bills Act 1877 (mode of issue of Treasury bills) the following shall be substituted for paragraph (1)—
 - “(1) Treasury bills shall be issued by the Treasury (either directly or through such agent as the Treasury think fit).”
- (2) This section shall apply in relation to issues made on or after such day as the Treasury may appoint by order made by statutory instrument.

160 National loans

Schedule 26 to this Act (national loans) shall have effect.

161 Non-FOTRA securities

- (1) Subject to the following provisions of this section, any gilt-edged security issued before 6th April 1998 without FOTRA conditions shall be treated in relation to times on or after that date as if—
 - (a) it were a security issued with the post-1996 Act conditions; and
 - (b) those conditions had been authorised in relation to the issue of that security by virtue of section 22 of the Finance (No. 2) Act 1931.

Status: This is the original version (as it was originally enacted).

- (2) Where a gilt-edged security falls to be treated as mentioned in subsection (1) above that treatment shall have effect—
- (a) for the purposes of sections 711 to 728 of the Taxes Act 1988 (accrued income scheme), in relation only to amounts which a person is treated under those sections as receiving on or after 6th April 1998;
 - (b) for the other purposes of the Tax Acts, in relation only to payments of interest falling due on or after that date; and
 - (c) for the purposes of the Inheritance Tax Act 1984, in relation only to a determination of whether property is excluded property at a time falling on or after that date.
- (3) No charge to tax shall be treated as arising under section 65 of the Inheritance Tax Act 1984 (property becoming excluded property) by reason only of the coming into force of this section.
- (4) In this section “FOTRA conditions” means any such conditions about exemption from taxation as are authorised in relation to the issue of a gilt-edged security by virtue of section 22 of the Finance (No. 2) Act 1931.
- (5) In this section “the post-1996 Act conditions” means the FOTRA conditions with which 7.25% Treasury Stock 2007 was first issued by virtue of section 22 of the Finance (No. 2) Act 1931.
- (6) In this section “gilt-edged securities” means any securities which are gilt-edged securities for the purposes of the Taxation of Chargeable Gains Act 1992.
- (7) This section does not apply to any 3½% War Loan 1952 Or After which was issued with a condition authorised by virtue of section 47 of the Finance (No. 2) Act 1915.

162 Accounting statements relating to National Savings

- (1) Subject to subsection (2) below, in each of the following provisions (which provide for annual statements of account as respects years ending with 31st December to be prepared in relation to deposits with the National Savings Bank), that is to say—
- (a) section 19(1) of the National Savings Bank Act 1971 (ordinary deposits), and
 - (b) section 120(4) of the Finance Act 1980 (investment deposits),
- for “31st December” there shall be substituted “31st March”.
- (2) Each of the enactments mentioned in subsection (1) above shall have effect as if they required the first statement which, under each of those enactments, is to be prepared after the passing of this Act to be a statement as respects the period beginning with 1st January 1998 and ending with 31st March 1999.
- (3) In section 19(2) of the National Savings Bank Act 1971 (delivery of statement under section 19(1) to the Comptroller and Auditor General), for the words from “before the end of May” to “that year” there shall be substituted “before the end of August next following the end of any period for which a statement falls to be prepared under subsection (1) above, transmit the statement for that period”.
- (4) In section 20 of that Act (adjustment of balances)—
- (a) for “year ending with 31st December” there shall be substituted “period as respects which a statement falls to be prepared under section 19(1) of this Act”;

- (b) for the words “the year”, in each place where they occur, there shall be substituted “that period”; and
 - (c) for “any such year” there shall be substituted “any such period”.
- (5) In section 120(5) of the Finance Act 1980 (delivery of statement under section 120(4) to the Comptroller and Auditor General), for the words from “each year” to “the year,” there shall be substituted “any period under subsection (4) above shall, before the end of August next following the end of that period,”.

The European single currency

163 Adoption of single currency by other member States

- (1) The Treasury may, to such extent as appears to them appropriate in connection with any of the matters falling within subsection (2) below, by regulations modify the application and effect as respects—
- (a) transactions in a currency other than sterling,
 - (b) instruments denominated in such a currency, and
 - (c) the bringing into account of amounts expressed in, or by reference to, such a currency,
- of any enactment or subordinate legislation relating to any matter under the care and management of the Commissioners of Inland Revenue.
- (2) The matters falling within this subsection are—
- (a) the adoption or proposed adoption by other member States of the single currency; and
 - (b) any transitional measures or other arrangements applying or likely to apply in relation to the adoption of the single currency by other member States.
- (3) Without prejudice to the generality of subsection (1) above, the power conferred by that subsection includes power by regulations to provide—
- (a) for liabilities to pay amounts to the Commissioners of Inland Revenue under any enactment or subordinate legislation relating to taxation to be capable of being discharged, in accordance with the regulations, by payments in the single currency;
 - (b) for elections made for the purposes of section 93(1)(b) or 94(2)(b) of the Finance Act 1993 (computation of a company’s profits in a foreign currency) to have effect as modified in accordance with the regulations; and
 - (c) for such persons as may be described in the regulations to be treated as having made elections for any of those purposes in such terms as may be provided for in the regulations.
- (4) The power to make regulations under this section includes—
- (a) power to impose charges to taxation;
 - (b) power to amend or repeal any enactment; and
 - (c) power to make such incidental, supplemental, consequential and transitional provision as appears to the Treasury to be appropriate.
- (5) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Status: This is the original version (as it was originally enacted).

(6) In this section—

“enactment” includes any enactment contained in this Act (other than this section) and any enactment passed after this Act;

“other member State” means a member State other than the United Kingdom;

“subordinate legislation” has the same meaning as in the Interpretation Act 1978.

(7) References in this section to the adoption of the single currency are references to the adoption of the single currency in accordance with the Treaty establishing the European Community, and the reference in subsection (3)(a) above to that currency shall be construed accordingly.

Supplemental

164 Interpretation

In this Act “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.

165 Repeals

- (1) The enactments mentioned in Schedule 27 to this Act (which include spent provisions) are hereby repealed to the extent specified in the third column of that Schedule.
- (2) The repeals specified in that Schedule have effect subject to the commencement provisions and savings contained or referred to in the notes set out in that Schedule.

166 Short title

This Act may be cited as the Finance Act 1998.