
Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Finance Act 1989 (c. 26). (See end of Document for details)

SCHEDULES

SCHEDULE 6

CONSEQUENTIAL AMENDMENTS

PART 2

OTHER ENACTMENTS

Finance Act 1989 (c. 26)

156 The Finance Act 1989 is amended as follows.

157 For section 43 substitute—

“43 Schedule D: computation

- (1) In calculating profits or gains of a trade to be charged under Schedule D for a period of account, no deduction is allowed for an amount charged in the accounts in respect of employees' remuneration, unless the remuneration is paid before the end of the period of 9 months immediately following the end of the period of account.
- (2) For the purposes of subsection (1) above an amount charged in the accounts in respect of employees' remuneration includes an amount—
 - (a) for which provision is made in the accounts, or
 - (b) which is held by an intermediary,with a view to its becoming employees' remuneration.
- (3) Subsection (1) above applies whether the amount is in respect of particular employments or in respect of employments generally.
- (4) If the remuneration is paid after the end of the period of 9 months mentioned in subsection (1) above, any deduction allowed in respect of it is allowed for the period of account in which it is paid and not for any other period of account.
- (5) If the profits of the trade are calculated before the end of the period of 9 months mentioned in subsection (1) above—
 - (a) it must be assumed, in making the calculation, that any remuneration which is unpaid when the calculation is made will not be paid before the end of that period, but
 - (b) if the remuneration is subsequently paid before the end of that period, the calculation is adjusted if a claim to adjust it is made to an officer of the Board within 2 years beginning with the end of the period of account.

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- (6) For the purposes of this section, remuneration is paid when it—
- (a) is treated as received by an employee for the purposes of the Income Tax (Earnings and Pensions) Act 2003 by section 18, 19, 31 or 32 of that Act (receipt of money and non-money earnings), or
 - (b) would be so treated if it were not exempt income.
- (7) In this section—
- “employee” includes an office-holder and “employment” correspondingly includes an office, and
- “remuneration” means an amount which is or is treated as earnings for the purposes of the Income Tax (Earnings and Pensions) Act 2003.”

158 For section 44 substitute—

“44 Investment and insurance companies: computation

- (1) In calculating the profits of an investment company for a period of account, no deduction is allowed for an amount charged in the accounts in respect of employees' remuneration, unless the remuneration is paid before the end of the period of 9 months immediately following the end of the period of account.
- (2) For the purposes of subsection (1) above an amount charged in the accounts in respect of employees' remuneration includes an amount—
 - (a) for which provision is made in the accounts, or
 - (b) which is held by an intermediary, with a view to its becoming employees' remuneration.
- (3) Subsection (1) above applies whether the amount is in respect of particular employments or in respect of employments generally.
- (4) If the remuneration is paid after the end of the period of 9 months mentioned in subsection (1) above, any deduction allowed in respect of it is allowed for the period of account in which it is paid and not for any other period of account.
- (5) If the profits of the trade are calculated before the end of the period of 9 months mentioned in subsection (1) above—
 - (a) it must be assumed, in making the calculation, that any remuneration which is unpaid when the calculation is made will not be paid before the end of that period, but
 - (b) if the remuneration is subsequently paid before the end of that period, the calculation is adjusted if a claim to adjust it is made to an officer of the Board by or on behalf of the company within 2 years beginning with the end of the period of account.
- (6) For the purposes of this section, remuneration is paid when it—
 - (a) is treated as received by an employee for the purposes of the Income Tax (Earnings and Pensions) Act 2003 by section 18, 19, 31 or 32 of that Act (receipt of money and non-money earnings), or
 - (b) would be so treated if it were not exempt income.

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(7) Where the profits of a company carrying on life assurance business are not charged under Case I of Schedule D, this section shall apply in calculating the profits as it applies in calculating the profits of an investment company; and in any such case—

- (a) subsection (4) above shall have effect subject to section 86 below, and
- (b) in construing section 86 below the remuneration shall be treated as expenses for the accounting period.

(8) In this section—

“employee” includes an office-holder and “employment” correspondingly includes an office,

“investment company” has the same meaning as in Part 4 of the Taxes Act 1988, and

“remuneration” means an amount which is or is treated as earnings for the purposes of Parts 2 to 7 of the Income Tax (Earnings and Pensions) Act 2003.”

159 In section 53(2)(f) (amendments consequential on the substitution of a new section 167 of ICTA) for “sections 332(2)(c) and 418(3)(a)” substitute “section 418(3)(a)”.

160 (1) Amend section 69 (chargeable events in relation to employee share ownership trusts) as follows.

(2) In subsection (3AA)—

- (a) in paragraph (a) for “an employee share ownership” substitute “ a share incentive ”, and
- (b) in paragraph (b) for “Schedule 8 to the Finance Act 2000” substitute “ Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 ”.

(3) In the definition of “market value” in subsection (3AC), for “in Schedule 8 to the Finance Act 2000” substitute “ it has for the purposes of the SIP code (see paragraph 92 of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003) ”.

(4) In subsection (4ZA)(b)—

- (a) for “a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988” substitute “ an SAYE option scheme within the meaning of the SAYE code (see section 516(4) of the Income Tax (Earnings and Pensions) Act 2003) ”, and
- (b) in sub-paragraph (ii) for “that Schedule” substitute “ Schedule 3 to that Act ”.

F1161

Textual Amendments

F1 Sch. 6 para. 161 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

162 In section 178(2) (setting of rates of interest)—

- (a) in paragraph (m) omit the words “160,”,
- (b) at the end of the first paragraph (p) omit the word “and”,
- (c) renumber the second paragraph (p) as paragraph (q), and

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- (d) at the end of paragraph (r) insert “, and
 - (s) Chapter 7 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003.”.
- 163 (1) Amend Schedule 5 (employee share ownership trusts) as follows.
- (2) In paragraph 4(2A) (beneficiaries)—
 - (a) for “a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988” substitute “ an SAYE option scheme ”, and
 - (b) in paragraph (b), for “that Schedule” substitute “ Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ”.
 - (3) In paragraph 9(2ZA)(b) (transfers of securities on qualifying terms)—
 - (a) for “a savings-related share option scheme within the meaning of Schedule 9 to the Taxes Act 1988” substitute “ an SAYE option scheme ”, and
 - (b) in sub-paragraph (ii), for “that Schedule” substitute “ Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ”.
 - (4) In paragraph 10 (other features)—
 - (a) for “savings-related share option schemes approved under Schedule 9 to the Taxes Act 1988” substitute “ SAYE option schemes approved under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ”; and
 - (b) for “that Schedule” substitute “ Schedule 9 to the Taxes Act 1988 ”.
 - (5) After paragraph 17 insert—
 - “18 For the purposes of this Schedule “SAYE option scheme” has the same meaning as in the SAYE code (see section 516 of the Income Tax (Earnings and Pensions) Act 2003 (approved SAYE option schemes)).”

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