



# Finance Act 2003

## 2003 CHAPTER 14

### PART 9

#### MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

##### *Provisions consequential on changes to company law*

#### **195 Companies acquiring their own shares**

- (1) This section applies for the purposes of the Taxes Acts and the Inheritance Tax Act 1984 (c. 51) where a company acquires any of its own shares (whether by purchase, the issuing of bonus shares or otherwise).
- (2) The acquisition of any of those shares by the company is not to be treated as the acquisition of an asset.
- (3) The company is not, by virtue of the acquisition or holding of any of those shares or its being entered in the company's register of members in respect of any of them, to be treated as a member of itself.
- (4) Subject to subsection (5)—
  - (a) the company's issued share capital is to be treated as if it had been reduced by the nominal value of the shares acquired,
  - (b) such of those shares as are not cancelled on acquisition are to be treated as if they had been so cancelled, and
  - (c) any subsequent cancellation by the company of any of those shares is to be disregarded (and, accordingly, is not the disposal of an asset and does not give rise to an allowable loss within the meaning of the Taxation of Chargeable Gains Act 1992 (c. 12)).
- (5) Where the shares are issued to the company as bonus shares, subsection (4)(a) and (b) does not apply and the shares are to be treated as if they had not been issued.
- (6) Where, disregarding subsections (2) to (5)—
  - (a) a company holds any of its own shares, and

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- (b) the company issues bonus shares in respect of those shares or any class of those shares (“the existing shares”),  
nothing in this section prevents the existing shares being the company’s holding of shares for the purposes of the application of section 126 of the Taxation of Chargeable Gains Act 1992 (application of sections 127 to 131 of that Act (company reorganisations etc)).
- (7) In subsection (6) the reference to the application of section 126 of the Taxation of Chargeable Gains Act 1992 does not include a reference to the application of that section in a modified form by virtue of any enactment relating to chargeable gains.
- (8) Where a company disposes of any of its own shares to a person in circumstances where, but for subsections (2) to (5), it would be regarded as holding the shares immediately before the disposal—
- (a) subsections (4)(b) and (c) and (5) cease to apply in relation to the shares disposed of (“the relevant shares”),
  - (b) the relevant shares are to be treated as having been issued as new shares to that person by the company at the time of the disposal (and not as having been disposed of by the company at that time),
  - (c) that person is to be treated as having subscribed for the relevant shares,
  - (d) an amount equal to the amount or value of the consideration (if any) payable for the disposal of the relevant shares is to be treated as the amount subscribed for those shares,
  - (e) if the amount or value of that consideration does not exceed the nominal value of those shares, the share capital of those shares is to be treated for the purposes of [F<sup>1</sup>Part 23 of the Corporation Tax Act 2010] as if it were an amount equal to the amount or value of that consideration, and
  - (f) if the amount or value of that consideration exceeds their nominal value, the relevant shares are to be treated as if they had been issued at a premium representing that excess.
- (9) Where—
- (a) a company purchases its own shares, and
  - (b) the price payable by a company for the shares is taken into account in computing the profits of the company which are chargeable to tax [F<sup>2</sup>under Chapter 2 of Part 3 of the Corporation Tax Act 2009],
- subsections (2) to (7) do not apply and subsection (8) does not apply in relation to any disposal by the company of any of the shares.
- (10) Schedule 40 to this Act (which makes amendments relating to the acquisition and disposal by a company of its own shares) has effect.
- (11) For the purposes of this section—
- (a) a company issues “bonus shares” if it issues share capital as paid up otherwise than by the receipt of new consideration (within the meaning of [F<sup>3</sup>section 1115 of the Corporation Tax Act 2010]), and
  - (b) “the Taxes Acts” has the same meaning as in the Taxes Management Act 1970 (c. 9),
- and in this section references to a “company” are to a company with a share capital.

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(12) The preceding provisions of this section and the provisions of Schedule 40 to this Act have effect in relation to any acquisition of shares by a company on or after such day as the Treasury may by order made by statutory instrument appoint.

**Textual Amendments**

- F1** Words in s. 195(8)(e) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 413\(2\)](#) (with [Sch. 2](#))
- F2** Words in s. 195(9)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 565](#) (with [Sch. 2 Pts. 1, 2](#))
- F3** Words in s. 195(11)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 413\(3\)](#) (with [Sch. 2](#))

**Commencement Information**

- I1** S. 195 has effect as specified by [The Finance Act 2003, Section 195 and Schedule 40 \(Appointed Day\) Order 2003 \(S.I. 2003/3077\)](#), [art. 2](#)

**196 Companies in administration**

Schedule 41 to this Act (provisions relating to the treatment, for tax purposes, of companies in administration) has effect.

*International matters*

**<sup>F4</sup>197 Exchange of information between tax authorities of member States**

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**Textual Amendments**

- F4** S. 197 repealed (1.1.2013) by [The European Administrative Co-Operation \(Taxation\) Regulations 2012 \(S.I. 2012/3062\)](#), reg. 1(1), [Sch.](#)

**<sup>F5</sup>198 Arrangements for mutual exchange of tax information**

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**Textual Amendments**

- F5** S. 198 repealed (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 8\(2\)](#)

**<sup>F6</sup>199 Savings income: Community obligations and international arrangements**

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### Textual Amendments

- F6** S. 199 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 7 para. 106, Sch. 10 Pt. 12](#) (with [Sch. 9 paras. 1-9, 22](#))

## 200 Controlled foreign companies: exempt activities

- (1) Schedule 42 to this Act (which amends Part 2 of Schedule 25 to the Taxes Act 1988 (exempt activities)) shall have effect.
- (2) The amendments made by that Schedule have effect in relation to accounting periods of a controlled foreign company beginning on or after 27th November 2002.
- (3) In this section “accounting period” and “controlled foreign company” have the same meaning as in Chapter 4 of Part 17 of the Taxes Act 1988.
- (4) This section shall be taken to have come into force on 27th November 2002.

## 201 Application of CFC provisions to Hong Kong and Macao companies

- (1) In Part 2 (exempt activities) of Schedule 25 to the Taxes Act 1988 (cases where section 747(3) does not apply), in paragraph 5 insert after sub-paragraph (2)—
  - “(3) In the case of a controlled foreign company—
    - (a) which is, by virtue of section 749(5), presumed to be resident in a territory in which it is subject to a lower level of taxation,
    - (b) the business affairs of which are, throughout the accounting period in question, effectively managed in a special administrative region, and
    - (c) which is liable to tax for that period in that region,
 references in the following provisions of this Part of this Schedule to the territory in which that company is resident shall be construed as references to that region.
  - (4) In sub-paragraph (3) above “special administrative region” means the Hong Kong or the Macao Special Administrative Region of the People’s Republic of China.
  - (5) Where sub-paragraph (3) above applies, it applies in place of sub-paragraph (2).”
- (2) This section shall be deemed to have had effect—
  - (a) as from 1st July 1997, so far as relating to the Hong Kong Special Administrative Region;
  - (b) as from 20th December 1999, so far as relating to the Macao Special Administrative Region.

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### *Administrative matters*

## **F7 202 Deduction of tax from interest: recognised clearing houses etc**

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### **Textual Amendments**

**F7** S. 202 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

## **203 Authorised unit trusts: interest distributions paid gross**

- (1) Chapter 3 of Part 12 of the Taxes Act 1988 (unit trust schemes) is amended as follows.
- (2) In section 468L(4) (obligation to deduct tax from interest distributions to be subject to provision made by sections 468M and 468N), for “sections 468M and 468N” substitute “section 468M”.
- (3) For sections 468M and 468N substitute—

### **“468M Cases where no obligation to deduct tax**

- (1) Where an interest distribution is made for a distribution period to a unit holder, any obligation to deduct under section 349(2) does not apply to the interest distribution if—
  - (a) the unit holder is a company or the trustees of a unit trust scheme, or
  - (b) either the residence condition or the reputable intermediary condition is on the distribution date fulfilled with respect to the unit holder.
- (2) Section 468O makes provision about the circumstances in which the residence condition or the reputable intermediary condition is fulfilled with respect to a unit holder.”
- (4) Section 468O (residence condition) is amended as follows.
- (5) In subsection (1), for “sections 468M and 468N” substitute “section 468M”.
- (6) After that subsection insert—

“(1A) For the purposes of section 468M, the reputable intermediary condition is fulfilled with respect to a unit holder if—

- (a) the interest distribution is paid on behalf of the unit holder to a company,
- (b) the company either is subject to the EC Money Laundering Directive, or to equivalent non-EC provisions, or is an associated company resident in a regulating country or territory of a company which is so subject, and
- (c) the trustees of the authorised unit trust have reasonable grounds for believing that the unit holder is not ordinarily resident in the United Kingdom.

(1B) For the purposes of subsection (1A)(b) above—

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- (a) a company is subject to the EC Money Laundering Directive if it is a credit institution or financial institution as defined by Article 1 of Directive 91/308/EEC, as amended by Directive 2001/97/EC,
  - (b) a company is subject to equivalent non-EC provisions if it is required by the law of any country or territory which is not a member State to comply with requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions,
  - (c) a company is to be treated as another’s associated company if it would be so treated for the purposes of Part 11 (see section 416), and
  - (d) a country or territory is a regulating country or territory if it either is a member State or imposes requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions.
- (1C) If Directive 91/308/EEC ceases to have effect, or is further amended, the Treasury may by order make consequential amendments in subsections (1A) and (1B) above.”
- (7) In the sidenote, insert at the end “ and reputable intermediary condition ”.
- (8) In section 468P(1) (residence declarations)—
- (a) for “468O” substitute “ 468O(1) ”, and
  - (b) for “subsections (2) to (4)” substitute “ subsection (2) or (3) ”.
- (9) After section 468P insert—

**“468PA Section 468O(1A): consequences of reasonable but incorrect belief**

Where—

- (a) an interest distribution is made to a unit holder by the trustees of an authorised unit trust,
- (b) the trustees, in reliance on the reputable intermediary condition being fulfilled with respect to the unit holder, do not comply with the obligation under section 349(2) to make a deduction from the interest distribution,
- (c) that obligation would apply but for that condition being so fulfilled, and
- (d) (contrary to the belief of the trustees) the unit holder is in fact ordinarily resident in the United Kingdom,

section 350 and Schedule 16 have effect as if that obligation applied.

**468PB Regulations supplementing sections 468M to 468PA**

- (1) The Board may by regulations make provision for giving effect to sections 468M to 468PA.
- (2) The regulations may, in particular, include provision modifying the application of those sections in relation to interest distributions made to or received under a trust.

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- (3) The regulations may, in particular, include provision for the giving by officers of the Board of notices requiring trustees of authorised unit trusts to supply information and make available books, documents and other records for inspection on behalf of the Board.
- (4) The regulations may—
- (a) make provision in relation to times before they are made,
  - (b) make different provision for different cases, and
  - (c) make such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.”.
- (10) Section 98 of the Taxes Management Act 1970 (c. 9) (penalties: provisions requiring information etc in response to notices) is amended as follows.
- (11) In subsection (4A)(b), for “or (4D)” substitute “, (4D) or (4E) ”.
- (12) After subsection (4D) insert—
- “(4E) A payment is within this subsection if—
- (a) it is an interest distribution made to a unit holder by the trustees of an authorised unit trust,
  - (b) the trustees, in purported reliance on the reputable intermediary condition being fulfilled with respect to the unit holder, do not comply with the obligation under section 349(2) of the principal Act to make a deduction from the interest distribution,
  - (c) that obligation would apply if that condition were not so fulfilled, and
  - (d) the trustees did not believe that the unit holder was not ordinarily resident in the United Kingdom or could not reasonably have so believed (so that that condition was not so fulfilled).
- Expressions used in this subsection have the same meaning as in Chapter 3 of Part 12 of the principal Act.”.
- (13) In the first column of the Table, after the entry relating to regulations under section 431E(1) or 441A(3) of the principal Act, insert—
- “ section 468P(6); regulations under section 468PB(3); ”.
- (14) This section has effect in relation to interest distributions made on or after 16th October 2002.

## 204 [F8Mandatory electronic payment]

- [F9(1) The Commissioners for Her Majesty's Revenue and Customs may make regulations requiring a person to use electronic means in making specified payments under legislation relating to a tax (or duty) for which the Commissioners are responsible.
- (2) The regulations may provide for exceptions.]
- (3) Regulations under this section may make provision—
- (a) as to conditions that must be complied with in connection with the use of electronic means for the making of any payment;
  - (b) for treating a payment as not having been made unless conditions imposed by any of the regulations are satisfied;

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- (c) for determining the time when payment is to be taken to have been made.
- (4) Regulations under this section may also make provision (which may include provision for the application of conclusive or other presumptions) as to the manner of proving for any purpose—
  - (a) whether any use of electronic means for making a payment is to be taken as having resulted in the payment being made;
  - (b) the time of the making of any payment for the making of which electronic means have been used;
  - (c) any other matter for which provision may be made by regulations under this section.
- (5) Regulations under this section may—
  - (a) allow any authorisation or requirement for which the regulations may provide to be given or imposed by means of a specific or general direction given by the Commissioners;
  - (b) provide that the conditions of any such authorisation or requirement are to be taken to be satisfied only where [<sup>F10</sup>Her Majesty's Revenue and Customs] are satisfied as to specified matters.
- (6) Regulations under this section may contain provision—
  - (a) requiring [<sup>F11</sup>Her Majesty's Revenue and Customs] to notify persons appearing to them to be, or to have become, a person required to use electronic means for the making of any payments in accordance with the regulations;
  - (b) enabling a person so notified to have the question whether he is such a person determined in the same way as an appeal.
- (7) Regulations under this section may confer power on the Commissioners to give specific or general directions—
  - (a) suspending, for any period during which the use of electronic means for the making of payments is impossible or impractical, any requirements imposed by the regulations relating to the use of such means;
  - (b) substituting alternative requirements for the suspended ones;
  - (c) making any provision that is necessary in consequence of the imposition of the substituted requirements.
- (8) The power to make provision by regulations under this section includes power—
  - (a) to provide for [<sup>F12</sup>a contravention by a large employer of, or any failure by a large employer to comply with,] the regulations (a “default”) to attract a surcharge of a specified amount;
  - (b) to provide that specified enactments relating to penalties imposed for the purposes of any [<sup>F13</sup>matter relating to a tax (or duty) for which the Commissioners are responsible] (including enactments relating to assessments, review and appeal) apply, with or without modifications, in relation to surcharges under the regulations.
- (9) The regulations may specify the surcharge for each default as—
  - (a) a specified percentage, depending on the circumstances but not exceeding 10%, of the amount of the payment to which the default relates, or
  - (b) a specified percentage, depending on the circumstances but not exceeding 0.83%, of the total amount of tax due for the accounting period, year of



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assessment or other specified period of twelve months during which the default occurred;

but, in either case, they may specify £30 if it is more.

(10) Regulations under this section may—

- (a) make different provision for different cases;
- (b) make such incidental, supplemental, consequential and transitional provision in connection with any provision contained in any of the regulations as the Commissioners think fit.

(11) Regulations under this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(12) In this section—

[<sup>F14</sup>“Her Majesty's Revenue and Customs” includes a person acting under the authority of the Commissioners in relation to payment by electronic means;]

[<sup>F15</sup>“large employer” means a person paying PAYE income to 250 or more recipients (and regulations under this section may make provision as to the date or period by reference to which this is to be determined and the circumstances in which a person is to be treated as paying PAYE income to a recipient);]

“legislation” means any enactment, [<sup>F16</sup>EU] or subordinate legislation;

“specified” means specified by or under regulations under this section;

“subordinate legislation” has the same meaning as in the Interpretation Act 1978 (c. 30).

[<sup>F17</sup>(13) Regulations under section 95(1) of the Finance Act 2007 (payment by cheque) may, in particular, provide for a payment which is made by cheque in contravention of regulations under this section to be treated as made when the cheque clears, as defined in the regulations under that section.]

#### Textual Amendments

- F8** S. 204 heading substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(7\)](#)
- F9** S. 204(1)(2) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(2\)](#)
- F10** Words in s. 204(5)(b) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(3\)](#)
- F11** Words in s. 204(6)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(4\)](#)
- F12** Words in s. 204(8)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(5\)\(a\)](#)
- F13** Words in s. 204(8)(b) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(5\)\(b\)](#)
- F14** Words in s. 204(12) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(6\)\(a\)](#)
- F15** Words in s. 204(12) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(6\)\(b\)](#)
- F16** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\), arts. 2, 3, 6 \(with arts. 3\(2\)\(3\), 4\(2\), 6\(4\)\(5\)\)](#)
- F17** S. 204(13) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 95\(6\)](#)

## 205 Use of electronic means of payment under other provisions

(1) Any power to make subordinate legislation for or in connection with the making of payments conferred in relation to a taxation [<sup>F18</sup>(or duty)] matter on—

- (a) [<sup>F19</sup>the Commissioners for Her Majesty's Revenue and Customs], or

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- (b) the Treasury,  
includes power to make any such provision in relation to the making of those payments as could be made in exercise of the power conferred by section 204.
- (2) Provision as to means of payment made in exercise of the powers conferred by section 204 or subsection (1) above has effect notwithstanding so much of any enactment or subordinate legislation as would otherwise allow payment to be made by any other means.
- (3) Expressions used in this section and section 204 have the same meaning in this section as in that section.
- (4) Nothing in this section shall be read as restricting the generality of the power conferred by section 204.

#### Textual Amendments

- F18** Words in s. 205(1) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(8\)\(a\)](#)  
**F19** Words in s. 205(1) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(8\)\(b\)](#)

## 206 Admissibility of evidence not affected by offer of settlement etc

- (1) In section 105(1) of the Taxes Management Act 1970 (c. 9) (evidence in cases of fraudulent conduct), for paragraphs (a) and (b) and the word “that” preceding them substitute—
- “(a) that where serious tax fraud has been committed the Board may accept a money settlement and that the Board will accept such a settlement, and will not pursue a criminal prosecution, if he makes a full confession of all tax irregularities, or
- (b) that the extent to which he is helpful and volunteers information is a factor that will be taken into account in determining the amount of any penalty.”.
- (2) For the heading to that section substitute “ **Admissibility of evidence not affected by offer of settlement etc** ”.
- (3) In paragraph 3(1) of Schedule 18 to the Finance Act 1999 (c. 16) (which makes corresponding provision in relation to stamp duty), for paragraphs (a) and (b) substitute—
- “(a) that where serious stamp duty fraud has been committed the Board may accept a money settlement and that the Board will accept such a settlement, and will not pursue a criminal prosecution, if he makes a full confession of all stamp duty irregularities, or
- (b) that the extent to which he is helpful and volunteers information is a factor that will be taken into account in determining the amount of any penalty.”.
- (4) For the heading before that paragraph substitute “ *Admissibility of evidence not affected by offer of settlement etc* ”.
- (5) The above amendments have effect in relation to statements made, or documents produced, after the passing of this Act.

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## 207 Consequential claims etc

- (1) In Part 4 of the Taxes Management Act 1970 (assessment and claims), after section 43B insert—

### “43C Consequential claims etc

- (1) Where—
- (a) a return is amended under section 28A(2)(b), 28B(2)(b) or 28B(4), and
  - (b) the amendment is made for the purpose of making good to the Crown any loss of tax attributable to fraudulent or negligent conduct on the part of the taxpayer or a person acting on his behalf,
- sections 36(3) and 43(2) apply in relation to the amendment as they apply in relation to any assessment under section 29.
- (2) Where—
- (a) a return is amended under section 28A(2)(b), 28B(2)(b) or 28B(4), and
  - (b) the amendment is not made for the purpose mentioned in subsection (1)(b) above,
- sections 43(2), 43A and 43B apply in relation to the amendment as they apply in relation to any assessment under section 29.
- (3) References to an assessment in sections 36(3), 43(2), 43A and 43B, as they apply by virtue of subsection (1) or (2) above, shall accordingly be read as references to the amendment of the return.
- (4) Where it is necessary to make any adjustment by way of an assessment on any person—
- (a) in order to give effect to a consequential claim, or
  - (b) as a result of allowing a consequential claim,
- the assessment is not out of time if it is made within one year of the final determination of the claim.
- For this purpose a claim is not taken to be finally determined until it, or the amount to which it relates, can no longer be varied, on appeal or otherwise.
- (5) In subsection (4) above “consequential claim” means any claim, supplementary claim, election, application or notice that may be made or given under section 36(3), 43(2) or 43A (as it applies by virtue of subsection (1) or (2) above or otherwise).”
- (2) In section 43A of that Act (further assessments: claims etc), in subsection (2A) (elections to which extension of time limit does not apply) for the words from “an election under” to the end substitute “an election under—
- (a) section 257BA of the principal Act (election as to transfer of married couple’s allowance), or
  - <sup>F20</sup>(b) . . . . .
  - (c) section 35(5) of the Taxation of Chargeable Gains Act 1992 (election for assets to be re-based to 1982).”.

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- (3) So far as it applies in relation to an amendment of a return, this section applies only where the notice of the amendment is issued after the day on which this Act is passed.

#### **Textual Amendments**

**F20** Words in s. 207(2) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

### *National Savings*

#### **208 Ordinary accounts and investment accounts**

- (1) The National Savings Bank Act 1971 (c. 29) is amended as follows.
- (2) In section 3 (ordinary and investment deposits), after subsection (1) insert—
- “(1A) But subsection (1) is subject to any provision made in relation to ordinary accounts or ordinary deposits by regulations under section 2 of this Act made by virtue of section 8(3) of this Act.”.
- (3) Section 6 (interest on investment deposits) is amended as follows.
- (4) In subsection (2), for “Director of Savings may from time to time determine with the consent of the Treasury” substitute “ Treasury may from time to time determine ”.
- (5) After that subsection insert—
- “(2ZA) The Treasury may determine that a rate of interest payable on investment deposits, or investment deposits of a particular description, is to be a rate produced by the operation of a formula involving the movement of an index or indices or any other factor.”.
- (6) In subsection (3), after “description” insert “ (other than one occasioned by the operation of a formula) ”.
- (7) After that subsection insert—
- “(4) In the case of an alteration in a rate of interest not affecting deposits received before it is made, any notice of the alteration required to be given by subsection (3) above may be given after the alteration is made.”.
- (8) Section 8 (regulations as to particular matters) is amended as follows.
- (9) In subsection (1), after paragraph (b) insert—
- “(ba) for the issuing of cards for use in making investment deposits or in withdrawing cash from investment accounts (or both) and regulating the use of such cards;”.
- (10) After subsection (2) insert—
- “(3) Regulations under section 2 of this Act may also make provision—
- (a) prohibiting the opening of ordinary accounts after a prescribed date;

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**Changes to legislation:** Finance Act 2003, Part 9 is up to date with all changes known to be in force on or before 14 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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- (b) prohibiting the opening of investment accounts of a prescribed description after a date prescribed in relation to that description of accounts;
- (c) prohibiting the making of ordinary deposits after a prescribed date;
- (d) prohibiting the making of deposits in investment accounts of a prescribed description after a date prescribed in relation to that description of accounts;
- (e) requiring the withdrawal of all of the money deposited in any dormant account of a prescribed description if any of the money deposited in it is withdrawn after a date prescribed in relation to that description of account;
- (f) for the transfer to investment accounts of a prescribed description of deposits in dormant accounts of a prescribed description;
- (g) for the transfer to a special Director's account of deposits in dormant accounts of a prescribed description or in accounts to which deposits have been transferred pursuant to provision made by virtue of paragraph (f) above.

(4) In subsection (3) above—

“dormant account” means an account in which deposits may not be made because of provision made by virtue of paragraph (c) or (d) of that subsection; and

“special Director's account” means an investment account in the name of the Director of Savings in which deposits are held on behalf of the persons entitled to them.”.

(11) After section 9 insert—

#### **“9A Investment account terms and conditions**

- (1) Any provision which may be made in relation to investment deposits by regulations under section 2 of this Act may, in the case of deposits in investment accounts of any description first made available after the passing of the Finance Act 2003, be included instead in the terms and conditions of the accounts.
- (2) Any provision included in the terms and conditions of investment accounts under subsection (1) above has effect subject to regulations under section 2 of this Act and orders under section 4 of this Act.
- (3) In this section “terms and conditions” means terms and conditions set by the Treasury and published by Director of Savings in a manner approved by the Treasury.”.

### **209 Abolition of accounting requirements relating to investment deposits**

In section 120 of the Finance Act 1980 (c. 48) (investment deposits with National Savings Bank: accounting provisions etc), omit subsections (4) and (5) (which require the Director of Savings to keep an account of investment deposits etc and transmit annual statements to the Comptroller and Auditor General for examination etc).

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### *Other financial matters*

#### **210 Payments for service of national debt**

- (1) Section 15 of the National Loans Act 1968 (c. 13) (payments for service of national debt) is amended as follows.
- (2) In subsection (1) (payments to be made out of Consolidated Fund into National Loans Fund), for “charges on the National Loans Fund for the service of national debt over” substitute “payments out of the National Loans Fund—
  - (a) which represent interest on liabilities of the National Loans Fund, or
  - (b) which, in the opinion of the Treasury, ought to be treated in the same way as payments which represent such interest,
 over ”.
- (3) Omit subsection (3) (which defines “charges on the National Loans Fund for the service of national debt”).
- (4) In paragraph 13 of Schedule 5A to that Act (Debt Management Account: payments to be made out of National Loans Fund into Debt Management Account), omit subparagraph (2) (payments to be treated as charges on the National Loans Fund for the service of national debt).

#### **211 Definition of liabilities and assets of National Loans Fund**

In section 19(4) of the National Loans Act 1968 (c. 13) (which defines as the liabilities of the National Loans Fund the nominal amount of the debt outstanding to it and as its assets its balance and loans etc outstanding to it), for the words from “of the National Loans Fund” onwards substitute “ and assets of the National Loans Fund shall be as determined by the Treasury. ”.

#### **212 Accounts of Consolidated Fund and National Loans Fund**

- (1) Section 21 of the National Loans Act 1968 (accounts of Consolidated Fund and National Loans Fund) is amended as follows.
- (2) In subsection (1) (annual accounts of payments in and out), for the words from “in such form” onwards substitute “ an account relating to the Consolidated Fund, and an account relating to the National Loans Fund, in such form and containing such information as the Treasury consider appropriate. ”.
- (3) Omit subsection (3) (statements of additional information regarding transactions, assets and liabilities of Consolidated Fund and National Loans Fund).
- (4) Subsection (2) has effect for the financial year ending with 31st March 2004 and subsequent financial years.
- (5) Subsection (3) has effect for such financial year as the Treasury may by order made by statutory instrument appoint and subsequent financial years.

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**Commencement Information**

**I2** S. 212(3) has effect as specified by S.I. 2004/2823, art. 2

**213 Debt Management Account: abolition of borrowing cap**

In Schedule 5A to the National Loans Act 1968 (Debt Management Account), omit paragraph 8 (borrowings otherwise than from National Loans Fund not to exceed total standing to credit of that Account in that Fund and at Bank of England).

**214 Payments in error from or to National Loans Fund**

In paragraph 11 of Schedule 5A to the National Loans Act 1968 (c. 13) (payments between National Loans Fund and Debt Management Account in respect of difference between assets and liabilities of that Account), insert at the end—

“(4) If any amount paid under sub-paragraph (1A) or (3) above should not have been paid, the Treasury may repay the whole or any part of it.”.

*Supplementary*

**215 Interpretation**

In this Act “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988 (c. 1).

**216 Repeals**

- (1) The enactments mentioned in Schedule 43 to this Act (which include provisions that are spent or of no practical utility) are repealed to the extent specified.
- (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.

**217 Short title**

This Act may be cited as the Finance Act 2003.

**Changes to legislation:**

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**Changes and effects yet to be applied to :**

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 57(3) inserted by [2011 c. 11 Sch. 22 para. 4](#)
- s. 87(3)(a)(ia) inserted by [S.I. 2003/2760 Sch. para. 3\(4\)\(a\)](#) (This amendment not applied to legislation.gov.uk. The affecting S.I. is revoked and superseded by [S.I. 2003/2816](#))
- Sch. 12 para. 3(2)(aa) inserted by [2007 asp 3 Sch. 5 para. 32](#) (This effect was superseded by the repeal of Sch. 12 para. 3 by Finance Act 2008 (c. 9), s. 129(4), Sch. 43 para. 16)
- Sch. 12 para. 1A inserted by [2007 c. 15 Sch. 13 para. 147\(2\)](#) (The amending provision was repealed before coming into force.)
- Sch. 12 para. 1A omitted by [2008 c. 9 Sch. 43 para. 9](#) (The amending provision was repealed before coming into force.)