



Finance Act 2006

CHAPTER 25

FINANCE ACT 2006

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- 2 Amendments of Chapter 4 of Part 10 of

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- 4 Amendments of Chapter 4 of Part 10 of

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Interpretation of Chapter 4 of Part 10 of ICTA

5 Amendments of Chapter 4 of Part 10 of

Group relief: equity holders and profits or assets available for distribution

6 Amendments of Chapter 4 of Part 10 of

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7 Amendments of Chapter 4 of Part 10 of

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Claims for group relief

8 After paragraph 77 of Schedule 18 to FA 1998 (joint...

Part 3 — COMMENCEMENT

Commencement

9 (1) The amendments made by this Schedule, other than those...

SCHEDULE 2 — Relief for research and development: subjects of clinical trials

Amendments to Schedule 20 to FA 2000

1 Relief for research and development: subjects of clinical trials

Amendments to Schedule 12 to FA 2002

2 Relief for research and development: subjects of clinical trials

Amendments to Schedule 13 to FA 2002

3 Relief for research and development: subjects of clinical trials

SCHEDULE 3 — Claims for relief for research and development

Introductory

1 Schedule 18 to FA 1998 (company tax returns, assessments and...

Claims to be included in return

2 (1) Paragraph 10 (other claims and elections to be included...

Claims for R&D tax relief

3 In paragraph 83A (Part 9A: introduction) for “claims for R&D...

4 In each of the following provisions for “claim for an...

5 In the title of Part 9A, “R&D tax credit” becomes...

Claims for relief under Schedule 12 to FA 2002

6 After paragraph 83L insert— Part 9BA Claims for relief under...

Claims for relief under Schedule 13 to FA 2002

7 In paragraph 83M (Part 9C: introduction) for “claims for tax...

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- 8 In paragraph 83R (penalty), in sub-paragraph (1)(a) for “a claim...
- 9 In the title of Part 9C, “tax credit” becomes “...

Commencement and transitional provision

- 10 The amendments made by paragraphs 2 to 9 have effect...
- 11 (1) This paragraph applies where a company is entitled to...

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Films to which this Schedule applies

- 1 Taxation of activities of film production company

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- 2 Taxation of activities of film production company

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- 4 Taxation of activities of film production company

Costs of the film

- 5 Taxation of activities of film production company

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- 7 Taxation of activities of film production company

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- 9 Taxation of activities of film production company

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- 10 Taxation of activities of film production company

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Part 2 — CERTIFICATION OF BRITISH FILMS FOR PURPOSES OF FILM TAX RELIEF

- 15 For section 6 of the Films Act 1985 (c. 21)...
- 16 For the heading to Schedule 1 to that Act substitute...
- 17 For paragraph 1 of that Schedule substitute— Preliminary (1) In this Schedule— “film” includes any record, however made,...
- 18 For paragraph 2 of that Schedule substitute— Applications for certification...
- 19 For paragraph 3 of that Schedule substitute— Certification and withdrawal...
- 20 In paragraph 4 of that Schedule (British films for purposes...
- 21 (1) Paragraph 5 of that Schedule (excluded films) is amended...
- 22 In paragraph 9 of that Schedule (determination of disputes) for...
- 23 In paragraph 10 of that Schedule (regulations and orders)—

Confidentiality of information

24

Wrongful disclosure

25

Part 3 — CONSEQUENTIAL AMENDMENTS

Interest

- 26 (1) Section 826 of ICTA (interest on tax overpaid etc)...

Claim to be made in tax return

- 27 In Schedule 18 to FA 1998 (company tax returns), in...

Recovery of excessive film tax credit

- 28 In paragraph 52 of that Schedule (recovery of excessive repayments...

Claims for film tax credits

- 29 After Part 9C of that Schedule insert— Part 9D Claims...

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SCHEDULE 6 — Avoidance involving financial arrangements

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Repeal of rent factoring provisions

1 (1) Sections 43A to 43G of ICTA (rent factoring) shall...

Dividend stripping: subsequent sales etc of rights to receive dividends etc

2 (1) Section 730 of ICTA (transfers of rights to receive...

Deemed interest: cash collateral under stock lending arrangements

3 (1) After section 736B of ICTA (deemed manufactured payments in...

Quasi-stock lending arrangements and quasi-cash collateral

4 (1) In section 736B of ICTA (deemed manufactured payments in...

Multiple holders of securities subject to sale and repurchase agreement: no relief for deemed manufactured payments

5 Avoidance involving financial arrangements

Structured finance arrangements: factoring of income receipts etc

6

Rent factoring of leases of plant or machinery

7 (1) Section 785A of ICTA (rent factoring of leases of...

Transactions associated with loans or credit

8

Structured finance arrangements: chargeable gains treatment of acquisitions and disposals

9 (1) After section 263D of TCGA 1992 (gains accruing to...

Loan relationships: mandatory convertibles

10 Avoidance involving financial arrangements

Loan relationships: computation in accordance with generally accepted accounting practice

11 (1) Section 85A of FA 1996 (computation in accordance with...

Loan relationships: amounts not fully recognised for accounting purposes

12 (1) After section 85B of FA 1996 (amounts recognised in...

Shares treated as loan relationships: shares subject to outstanding third party obligations

13 (1) Section 91A of FA 1996 (shares subject to outstanding...

Shares treated as loan relationships: application of rules to non-qualifying shares

14 (1) Section 91B of FA 1996 (non-qualifying shares) is amended...

Shares treated as loan relationships: redeemable shares

15 (1) Section 91D of FA 1996 (condition 2 for section...

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Creditor relationships and benefit derived by connected persons

16 (1) After section 93B of FA 1996 insert— Creditor relationships...

Loan relationships: money debts etc not arising from the lending of money

17 (1) Section 100 of FA 1996 (money debts etc not...

Loan relationships: meaning of “fair value” in Chapter 2 of Part 4 of FA 1996

18 (1) Section 103 of FA 1996 (interpretation of Chapter 2...

Loan relationships: continuity of treatment of groups etc

19 (1) In Schedule 9 to FA 1996 (loan relationships: special...

Loan relationships: repo and stock-lending arrangements

20 Avoidance involving financial arrangements

Derivative contracts: computation in accordance with generally accepted accounting practice

21 (1) Paragraph 17A of Schedule 26 to FA 2002 (computation...

Derivative contracts: transactions within groups

22 (1) In Schedule 26 to FA 2002 (derivative contracts), paragraph...

Derivative contracts: transactions within groups (fair value accounting)

23 (1) In Schedule 26 to FA 2002 (derivative contracts), paragraph...

Derivative contracts: meaning of “fair value” in Schedule 26 to FA 2002

24 (1) Paragraph 54 of Schedule 26 to FA 2002 (interpretation...

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— INCOME AND CORPORATION TAXES ACT 1988

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1 Transfer of assets abroad

Section 741: application subject to sections 741B and 741C

2 Transfer of assets abroad

Exemption from sections 739 and 740: new provision

3 Transfer of assets abroad

Application of sections 741 and 741A

4 Transfer of assets abroad

Just and reasonable apportionment in certain cases

5 Transfer of assets abroad

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Section 742: interpretation of the Chapter

- 6 Transfer of assets abroad
— ITTOIA 2005

Gains from contracts for life insurance etc

- 7 (1) In ITTOIA 2005, section 468 (gains from contracts of...

SCHEDULE 8 — Long funding leases of plant or machinery
Part 1 — CAPITAL ALLOWANCES

Introductory

- 1 CAA 2001 is amended as follows.

*Use for other qualifying activity of plant or
machinery previously used for long funding leasing*

- 2 After section 13 (use for qualifying activity of plant or...

Expenditure on plant or machinery for long funding leasing not to be qualifying expenditure

- 3 After section 34 insert— Expenditure on plant or machinery for...

General exclusions applying to certain sections

- 4 (1) Section 46 is amended as follows.

Commencement of leasing under long funding lease: disposal events and disposal values

- 5 (1) Section 61 (disposal events and disposal values) is amended...

Lessee under long funding lease: capital allowances, disposal events and disposal values

- 6 In Chapter 6 of Part 2 (hire-purchase etc and plant...

Interpretation of provisions relating to long funding leases

- 7 In Part 2, after Chapter 6 insert— Chapter 6A Interpretation...

Cases in which short-life asset treatment is ruled out

- 8 (1) The Table in section 84 is amended as follows....

Fixtures

- 9 (1) In section 172 (scope of Chapter 14 of Part...
Part 2 — CORPORATION TAX

Introductory

- 10

Special rules for long funding leases

- 11
- Part 3 — INCOME TAX

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Introductory

12 ITTOIA 2005 is amended as follows.

Special rules for long funding leases

13 In Part 2 (trading income) after Chapter 10 insert the...

Application of Chapter 10A for calculating the profits of a property business

14 (1) Section 272 is amended as follows.

Part 4 — COMMENCEMENT AND TRANSITIONAL PROVISIONS

Commencement

15 (1) The amendments made by this Schedule have effect in...

Election for lease to be treated as long funding lease for tax purposes

16 (1) The Treasury may by regulations make provision enabling a...

Excepted leases

17 (1) A lease is an excepted lease if the following...

Extended time limit: the additional conditions

18 (1) The additional conditions mentioned in paragraph 17(8) are as...

Events beyond the control of the parties etc

19 (1) Condition B, C or D in paragraph 18 is...

Pre-existing heads of agreement relating to two or more assets

20 (1) This paragraph has effect for the purposes of this...

Expenditure incurred before passing of this Act where lease is not an excepted lease

21 (1) This paragraph applies where the following conditions are met—...

When expenditure is incurred for the purposes of paragraph 21

22 (1) This paragraph has effect for determining, for the purposes...

When a lease is “finalised”

23 (1) For the purposes of this Part, a lease is...

When an asset is “under construction”

24 (1) An asset is “under construction” at any time in...

Combined assets and constituent assets

25 (1) A “combined asset” is an asset which meets the...

Mixed leases

26 (1) This paragraph applies in any case where there is...

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Interpretation of this Part

27 (1) In this Part— “combined asset” is to be construed...

SCHEDULE 9 — Leases of plant or machinery: miscellaneous amendments
— INCOME AND CORPORATION TAXES ACT 1988

Petroleum extraction activities: sale and leaseback

1

Supplementary charge in respect of ring fence trades

2 (1) Section 501A of ICTA is amended as follows.

Leased assets: special cases

3

— TAXATION OF CHARGEABLE GAINS ACT 1992

Long funding leases: deemed disposals and re-acquisitions

4 (1) After section 25 of TCGA 1992 (non-residents: deemed disposals)...

Restriction of losses: long funding leases of plant or machinery

5 (1) After section 41 of TCGA 1992 (restriction of losses...

Definition of market value

6 (1) Section 272 of TCGA 1992 (valuation: general) is amended...
— FINANCE ACT 1997

Leasing arrangements

7

— FINANCE ACT 2000

Tonnage tax: introductory

8 Schedule 22 to FA 2000 (tonnage tax) is amended as...

Meaning of “finance costs”

9 (1) In Part 7 (the ring fence: general provisions) paragraph...

Capital allowances: ship leasing

10 (1) Part 10 (the ring fence: capital allowances: ship leasing)...
— CAPITAL ALLOWANCES ACT 2001

Withdrawal of first year allowances for lessors of certain plant or machinery

11 (1) Section 46 of CAA 2001 (general exclusions applying to...

Plant or machinery treated as owned by person entitled to benefit of contract etc

12 (1) Section 67 of CAA 2001 is amended as follows....

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Phasing out of overseas leasing rules

13 (1) Section 105 of CAA 2001 (basic terms: “leasing”, “overseas...

Anti-avoidance: meaning of “finance lease”

14 (1) Section 219 of CAA 2001 (meaning of “finance lease”...

Capital allowances: allocation of expenditure to a chargeable period

15 (1) Section 220 of CAA 2001 is amended as follows....

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Part 1 — INTRODUCTION

Contents of Schedule

1 Sale of lessor companies

Commencement

2 Sale of lessor companies

Part 2 — LEASING BUSINESS CARRIED ON BY A COMPANY ALONE

Income and matching expense in different accounting periods

3 Sale of lessor companies

Amount of income and expense

4 Sale of lessor companies

No carry back of the expense

5 Sale of lessor companies

Meaning of “business of leasing plant or machinery”

6 Sale of lessor companies

Provision for the purposes of condition A in paragraph 6

7 Sale of lessor companies

7A Sale of lessor companies

Provision for the purposes of condition B in paragraph 6

8 Sale of lessor companies

Meaning of “associated company”

9 Sale of lessor companies

Meaning of “a qualifying change of ownership” in relation to a company

10 Sale of lessor companies

Qualifying 75% subsidiaries

11 Sale of lessor companies

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Consortium relationships

12 Sale of lessor companies

No qualifying change of ownership in the case of certain intra-group reorganisations

13 Sale of lessor companies

No qualifying change of ownership where principal company's interest in consortium company unchanged

13A Sale of lessor companies

Meaning of "company owned by a consortium" etc

14 Sale of lessor companies

Meaning of qualifying 75% or 90% subsidiary etc

15 Sale of lessor companies

The amount of the income: the basic amount

16 Sale of lessor companies

Meaning of "PM" in paragraph 16

17 Sale of lessor companies

17A Sale of lessor companies

Meaning of "TWDV" in paragraph 16

18 Sale of lessor companies

Amount to be nil if basic amount negative

19 Sale of lessor companies

Adjustment to basic amount: qualifying 75% subsidiaries

20 Sale of lessor companies

Adjustment to the basic amount: consortium relationships

21 Sale of lessor companies

Migration

22 Sale of lessor companies

23A Sale of lessor companies

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Change in company's interest in business: income treated as received etc

23 Sale of lessor companies

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24 Sale of lessor companies

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Meaning of “business of leasing plant or machinery”

25 Sale of lessor companies

Meaning of “associated company”

26 Sale of lessor companies

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27 Sale of lessor companies

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28 Sale of lessor companies

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29 Sale of lessor companies

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30 Sale of lessor companies

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31 Sale of lessor companies

Amount of expense

32 Sale of lessor companies

Income and matching expense in different accounting periods

33 Sale of lessor companies

Amount of income and expense

34 Sale of lessor companies

No carry back of the expense

35 Sale of lessor companies

Amount of the income

36 Sale of lessor companies

Meaning of “profits” etc

37 Sale of lessor companies

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Anti-avoidance

38 Sale of lessor companies

38A Sale of lessor companies

38B Sale of lessor companies

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*Relief for expense under paragraph 3 , 23(4A) or
33 otherwise giving rise to carried forward loss*

39 Sale of lessor companies

Relationship of Schedule with section 228K of CAA 2001

40 Sale of lessor companies

Definitions for purposes of Schedule

41 Sale of lessor companies

Index of definitions

42 Sale of lessor companies

Consequential amendments

43 Sale of lessor companies

SCHEDULE 11 — Insurance companies

Continuing the effect of orders under section 431A(3) of ICTA

1 Insurance companies

Section 432B apportionment: participating funds

2 Insurance companies

Transfers of business: excess of assets or liabilities

3 Insurance companies

Transfers of business: modification of s. 83(2B) of FA 1989

4 Insurance companies

Surpluses of mutual and former mutual businesses

5 Insurance companies

Receipts to be taken into account

6 Insurance companies

Changes in value of assets brought into account: non-profit companies

7 Insurance companies

Contingent loans

8 Insurance companies

SCHEDULE 12 — Settlements: amendment of TCGA 1992 etc
Part 1 — SETTLORS, TRUSTEES AND SETTLEMENTS

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 04 February 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

Basic trust concepts

- 1 (1) In section 68 of TCGA 1992 for the definition...
- 2 (1) For section 69(1) and (2) of TCGA 1992 (residence...

Interests in settlements

- 3 Settlements: amendment of 1992
- 4 (1) In section 169F of TCGA 1992 (meaning of “interest...
- 5 (1) In paragraph 7(5) of Schedule 4A to TCGA 1992...
Part 2 — SUB-FUND SETTLEMENTS
- 6 (1) After section 69 of TCGA 1992 insert— Sub-fund settlements...
Part 3 — CONSEQUENTIAL AND MINOR AMENDMENTS

Introduction

- 7 Paragraphs 8 to 45 amend TCGA 1992.

General

- 8 (1) In section 13(10) (participants in non-resident companies) for “trustees...
- 9 For section 21(1)(b) (definition of “asset”) substitute—
- 10 (1) In section 60(1) (nominees and bare trustees) in each...
- 11 (1) In section 63 (death: application of law in Scotland)—...
- 12 (1) In section 64(1) (expenses in administration)—
- 13
- 14 (1) In section 79B(1) (attribution to trustees of gains of...
- 15 (1) In section 97(7) (supplementary provisions for offshore settlements: interpretation)—...
- 16 (1) In section 98(2) (information: application of section 745 of...
- 17 (1) In section 104(1) (share pooling) after “for the purposes...
- 18 (1) In section 109(2)(a) (share pooling: pre-1982 holdings) after “for...
- 19 (1) In section 169D(5) after “(3)” insert “ and to...
- 20 (1) In section 217 (building societies: successor companies)—
- 21 (1) In section 227(2) (employee share ownership trusts: conditions for...
- 22 (1) In section 228(5)(b) (employee share ownership trusts: unauthorised arrangement)...
- 23 (1) In section 251(5) (debts: trustee creditors)—
- 24 (1) In section 283(4) (repayment supplements)— (a) for “a trust...
- 25 (1) In section 286(3) (connected persons: trustees) omit the words...
- 26 (1) In section 288(8) (interpretation) at the appropriate places insert—...
- 27 Settlements: amendment of 1992
- 28 (1) In paragraph 1(6) of Schedule 1 (exempt amount: interpretation)...
- 29 Settlements: amendment of 1992

Residence of trustees

- 30 (1) In each of the provisions set out in sub-paragraph...
- 31 Settlements: amendment of 1992
- 32 In section 83A(3) (trustee residence: split years)—
- 33 Paragraphs 31 and 32 shall come into force on 6th...
- 34 (1) In each of the provisions set out in sub-paragraph...
- 35 (1) In each of the provisions set out in sub-paragraph...
- 36 (1) In each of the provisions set out in sub-paragraph...

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- 37 (1) In section 169(3)(a) (availability of hold-over relief)—
- 38 In paragraph 2(7)(a) of Schedule 1 (meaning of “excluded settlement”)...
- 39 In paragraph 5(1) of Schedule 4A (residence of trustees) for...
- 40 In paragraph 10(2) of Schedule 4C (capital payments received by...
- 41 Paragraphs 35 to 40 shall, unless otherwise expressly provided, come...

Sub-fund settlements

- 42 After section 73(1) of TCGA 1992 (death of life tenant:...
- 43 In section 286(3) of TCGA 1992 (connected persons: trustees)—
- 44 (1) At the beginning of Schedule 1 to TCGA 1992...
- 45 Paragraphs 42 to 44 shall have effect in relation to...

Amendments of other Acts

- 46 (1) In the first column of the table in section...
- 47 (1) For section 761(7)(b) of ICTA (offshore income gain: trustee...
- 48 Settlements: amendment of 1992

SCHEDULE 13 — Settlements: amendments to ICTA and ITTOIA 2005 etc

Part 1 — PRINCIPAL AMENDMENTS

- 1 Settlements: amendments to and 2005
- 2 Settlements: amendments to and 2005
- 3 Settlements: amendments to and 2005
- 4 Settlements: amendments to and 2005
- 5 (1) For section 619(2) to (4) of ITTOIA 2005 (charge...
- 6 (1) After section 685 of ITTOIA 2005 insert— Settlor-interested settlements...

Part 2 — MINOR AND CONSEQUENTIAL AMENDMENTS

- 7 Paragraphs 8 to 26 amend ICTA.
- 8 Section 220(2) shall cease to have effect.
- 9 In section 227— (a) in subsection (5) for “trustees (other...
- 10 In section 229(2)— (a) for “held on trusts (other than...
- 11 Settlements: amendments to and 2005
- 12 In section 417(3)— (a) in paragraph (b) omit the words...
- 13 In section 421(1) for “trust” in each place substitute “...
- 14 Settlements: amendments to and 2005
- 15 Settlements: amendments to and 2005
- 16 Settlements: amendments to and 2005
- 17 Settlements: amendments to and 2005
- 18 In section 687A(1)(a) for “trustees” substitute “ the trustees of...
- 19 Settlements: amendments to and 2005
- 20 In section 689B(1) for “any trustees” substitute “ the trustees...
- 21 Settlements: amendments to and 2005
- 22 Settlements: amendments to and 2005
- 23 Section 764 shall cease to have effect.
- 24 In section 809— (a) in subsection (1)(a) for “trustees” substitute...
- 25 In section 839— (a) at the end of subsection (3)(b)...
- 26 In paragraph 4(12) of Schedule 28AA for the definitions of...
- 27 (1) Paragraph 7 and paragraphs 9 to 26 shall come...
- 28 (1) FA 1989 shall be amended as follows.
- 29 (1) In section 151(2)(a) of FA 1989 (assessment of trustees)...
- 30 (1) In section 25(9)(b) of FA 1990—

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- 31 (1) In ITTOIA 2005— (a) for “trustees of trusts” in...
- 32 (1) The following provisions of ITTOIA 2005 shall cease to...
- 33 (1) In sections 628 and 630 of ITTOIA 2005 for...
- 34 (1) After section 629(7) of ITTOIA 2005 insert—
- 35 (1) FA 2005 shall be amended as follows.
- 36 (1) After section 28 of FA 2005 insert— Disapplication of...
- 37 Settlements: amendments to and 2005

SCHEDULE 14 — Investment reliefs: venture capital schemes

Part 1 — LIMITS ON GROSS ASSETS OF ISSUERS OF SHARES OR SECURITIES

Enterprise investment scheme

- 1 Investment reliefs: venture capital schemes

Venture capital trusts

- 2 Investment reliefs: venture capital schemes

Corporate venturing scheme

- 3 (1) In paragraph 22(1) and (2) of Schedule 15 to...
Part 2 — RATE OF RELIEF FOR INVESTMENTS IN VENTURE CAPITAL TRUSTS
- 4 Investment reliefs: venture capital schemes
Part 3 — ENTERPRISE INVESTMENT SCHEME: MAXIMUM SUBSCRIPTIONS
AND CARRY-BACK OF RELIEF
- 5 Investment reliefs: venture capital schemes
- 6 Investment reliefs: venture capital schemes
Part 4 — LENGTHENING OF PERIODS APPLICABLE TO VENTURE CAPITAL
TRUSTS
- 7 Investment reliefs: venture capital schemes
Part 5 — VENTURE CAPITAL TRUSTS: MEANING OF “INVESTMENTS”
- 8 Investment reliefs: venture capital schemes

SCHEDULE 15 — Accountancy change: spreading of adjustment

Part 1 — INCOME TAX

Application of this Part of this Schedule

- 1 (1) This Part of this Schedule applies where—

Spreading of adjustment income

- 2 (1) The adjustment income shall be spread in accordance with...

Effect of cessation of business

- 3 If before the whole of the adjustment income has been...

Election to accelerate charge

- 4 (1) A person who under paragraph 2 is liable to...

Liability of personal representatives

- 5 (1) This paragraph applies in the case of the death...

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Meaning of “business”

6 In this Part of this Schedule “business” means—

Application of provisions to partnerships

7 (1) This paragraph applies where the business is carried on...

Cases where spreading already available

8 This Part of this Schedule does not apply to adjustment...
Part 2 — CORPORATION TAX

Application of this Part of this Schedule

9 (1) This Part of this Schedule applies where—

Spreading of adjustment

10 (1) The adjustment shall be spread in accordance with the...

Accounting periods of less than twelve months

11 (1) This paragraph applies where by reason of—

Effect of other events bringing accounting period to an end

12 (1) If before the whole of the adjustment has been...

Election to accelerate charge

13 (1) A company that under paragraph 10 is liable to...

Meaning of “business” etc

14 (1) In this Part of this Schedule “business” means—

Application of provisions to partnerships

15 (1) This paragraph applies where the business is carried on...

SCHEDULE 16 — Real Estate Investment Trusts: excluded business and income

Part 1 — CLASSES OF BUSINESS

- 1 Real Estate Investment Trusts: excluded business and income
- 2 Real Estate Investment Trusts: excluded business and income
- 3 Real Estate Investment Trusts: excluded business and income
- 4 Real Estate Investment Trusts: excluded business and income
- 5 Real Estate Investment Trusts: excluded business and income

Part 2 — CLASSES OF INCOME OR PROFIT

- 6 Real Estate Investment Trusts: excluded business and income
- 7 Real Estate Investment Trusts: excluded business and income
- 8 Real Estate Investment Trusts: excluded business and income
- 9 Real Estate Investment Trusts: excluded business and income
- 10 Real Estate Investment Trusts: excluded business and income
- 11 Real Estate Investment Trusts: excluded business and income
- 12 Real Estate Investment Trusts: excluded business and income
- 13 Real Estate Investment Trusts: excluded business and income

Part 3 — POWER TO AMEND

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14 Real Estate Investment Trusts: excluded business and income

SCHEDULE 17 — Group Real Estate Investment Trusts: modifications

Introduction

- 1 Group Real Estate Investment Trusts: modifications
- 2 Group Real Estate Investment Trusts: modifications
- 3 Group Real Estate Investment Trusts: modifications

General modification

- 4 Group Real Estate Investment Trusts: modifications

Conditions

- 5 Group Real Estate Investment Trusts: modifications
- 6 Group Real Estate Investment Trusts: modifications
- 7 Group Real Estate Investment Trusts: modifications

Entering Real Estate Investment Trust Regime

- 8 Group Real Estate Investment Trusts: modifications
- 9 Group Real Estate Investment Trusts: modifications
- 10 Group Real Estate Investment Trusts: modifications
- 11 Group Real Estate Investment Trusts: modifications
- 12 Group Real Estate Investment Trusts: modifications
- 13 Group Real Estate Investment Trusts: modifications
- 14 Group Real Estate Investment Trusts: modifications

Assets, etc

- 15 Group Real Estate Investment Trusts: modifications
- 16 Group Real Estate Investment Trusts: modifications

Profits

- 17 Group Real Estate Investment Trusts: modifications
- 18 Group Real Estate Investment Trusts: modifications
- 19 Group Real Estate Investment Trusts: modifications
- 20 Group Real Estate Investment Trusts: modifications

Capital gains

- 21 Group Real Estate Investment Trusts: modifications
- 22 Group Real Estate Investment Trusts: modifications

Leaving Real Estate Investment Trust Regime

- 23 Group Real Estate Investment Trusts: modifications
- 24 Group Real Estate Investment Trusts: modifications
- 25 Group Real Estate Investment Trusts: modifications
- 26 Group Real Estate Investment Trusts: modifications

Anti-avoidance

- 27 Group Real Estate Investment Trusts: modifications

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- 28 Group Real Estate Investment Trusts: modifications
- 29 Group Real Estate Investment Trusts: modifications

Manufactured dividends

- 30 Group Real Estate Investment Trusts: modifications

Financial statements

- 31 Group Real Estate Investment Trusts: modifications

Non-UK resident members

- 32 Group Real Estate Investment Trusts: modifications

Takeovers

- 33 Group Real Estate Investment Trusts: modifications

Demergers

- 34 Group Real Estate Investment Trusts: modifications

SCHEDULE 18 — Oil taxation: market value of oil
Part 1 — AMENDMENTS OF THE OIL TAXATION ACT 1975

Introductory

- 1 OTA 1975 is amended as follows.

Assessable profits and allowable losses

- 2 (1) Section 2 is amended as follows.

Allowance of exploration and appraisal expenditure

- 3 (1) Section 5A is amended as follows.

Interpretation

- 4 (1) In section 12 (interpretation of Part 1 of the...

Date of delivery or appropriation for shipped oil not disposed of in sales at arm's length

- 5 (1) After section 12, insert— Date of delivery or appropriation:...

“The Board”

- 6 (1) In section 21 (citation, interpretation and construction of the...

Returns by participators

- 7 (1) In Schedule 2 (management and collection) paragraph 2 is...

Gas fractionation

- 8 (1) In Schedule 3 (petroleum revenue tax: miscellaneous provisions) paragraph...

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Aggregate market value of oil for purposes of section 2(5)

- 9 In Schedule 3, for paragraph 3 substitute— (1) For the purposes of subsection (5) of section 2...

Power to make regulations

- 10 At the end of Schedule 3 insert— Power to make...
Part 2 — AMENDMENTS OF OTHER ENACTMENTS

FINANCE (NO. 2) ACT 1987

The designated fraction for the month

- 11 (1) Schedule 8 to F(No.2)A 1987 (amendments of Schedule 10...

INCOME AND CORPORATION TAXES ACT 1988

Valuation of oil disposed of or appropriated in certain circumstances.

- 12 (1) Section 493 of ICTA (valuation of oil disposed of...

SCHEDULE 19 — Schedule to be inserted as Schedule 19C to ICTA

.....

SCHEDULE 20 — Inheritance tax: rules for trusts etc

Part 1 — “TRUSTS FOR BEREAVED MINORS”, “AGE 18-TO-25 TRUSTS” AND
“ACCUMULATION AND MAINTENANCE” TRUSTS

Trusts for bereaved minors and Age 18-to-25 trusts

- 1 (1) In IHTA 1984, after section 71 insert— Trusts for...

Section 71 of IHTA 1984 not to apply to property settled on or after 22nd March 2006

- 2 (1) Section 71 of IHTA 1984 (accumulation and maintenance trusts)...

Section 71 of IHTA 1984 to cease to apply to certain settled property from 6th April 2008

- 3 (1) In section 71(1)(a) of IHTA 1984 (section applies to...

Part 2 — INTERESTS IN POSSESSION: WHEN SETTLED PROPERTY IS PART OF
BENEFICIARY'S ESTATE

Aggregation with person's estate of property in which interest in possession subsists

- 4 (1) In section 49 of IHTA 1984, after subsection (1)...

“Immediate post-death interests” and “transitional serial interests”

- 5 (1) In IHTA 1984, after section 49 insert— Immediate post-death...

Disabled persons' trusts: meaning of “disabled person's interest” and “disabled person”

- 6 (1) After section 89 (trusts for disabled persons) insert— Self-settlement...

Part 3 — RELATED AMENDMENTS IN IHTA 1984

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Commencement

7 The following paragraphs of this Part of this Schedule shall...

Deemed disposition where omission to exercise a right increases value of another person's estate or of settled property not aggregated with a person's estate

8 In section 3(3) of IHTA 1984 (failure to exercise a...

Potentially exempt transfers: provision in consequence of section 71 of IHTA 1984 not applying to property settled on or after 22nd March 2006

9 (1) Section 3A of IHTA 1984 (potentially exempt transfers) is...

Person's "estate" not to include certain interests in possession

10 (1) Section 5 of IHTA 1984 (meaning of "estate") is...

Life assurance policies entered into before 22nd March 2006

11 (1) After section 46 of IHTA 1984 insert— Contract of...

Tax where interest in possession ends, or is treated as ending, during beneficiary's life

12 In section 51 of IHTA 1984 (disposal of interest in...

13 (1) Section 52 of IHTA 1984 (tax on termination of...

14 (1) Section 53 of IHTA 1984 (exceptions from tax charge...

Non-aggregation with deceased person's estate of property in which he had interest in possession if property reverts to settlor or passes to settlor's spouse or civil partner etc

15 (1) Section 54 of IHTA 1984 (exceptions from charge on...

Rate of tax on ending of interest in possession in property settled during settlor's life

16 (1) Section 54A of IHTA 1984 (special rate of charge...

Property entering maintenance fund after death of person entitled to interest in possession

17 In section 57A of IHTA 1984 (relief where property enters...

"Relevant property" not to include property held on trust for a bereaved child

18 In section 58(1)(b) of IHTA 1984 (property to which certain...

"Relevant property" to include property held on employee trusts or newspaper trusts if certain interests in possession subsist in the property

19 (1) Section 58 of IHTA 1984 (meaning of "relevant property"...

Certain interests in possession to which a person becomes entitled on or after 22nd March 2006 not to be "qualifying interests in possession" for purposes of Chapter 3 of Part 3 of IHTA 1984

20 (1) Section 59 of IHTA 1984 (settlements without interests in...

New meaning of "qualifying interest in possession" not to apply in section 72 of IHTA 1984

21 (1) Section 72 of IHTA 1984 (property leaving employee trusts...

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No charge under sections 71B, 71E etc where property held on trusts for bereaved child becomes held on trusts for charitable purposes etc

22 In section 76(1) of IHTA 1984 (which provides for tax...

No postponement of commencement date of settlement where property settled on or after 22nd March 2006 unless settlor, or spouse or civil partner, has immediate post-death interest

23 In section 80 of IHTA 1984 (postponement of commencement date...

Protective trusts

24 In section 88 of IHTA 1984 (protective trusts), after subsection...

Alterations of capital etc of close company where participator holds shares etc in company as trustee of settled property in which an interest in possession subsists

25 In section 100 of IHTA 1984 (alteration of close company's...

Close company's interest in possession treated as interest of its participators

26 In section 101 of IHTA 1984 (where close company has...

Distributions within two years of person's death out of property settled by his will

27 (1) Section 144 of IHTA 1984 (distribution etc from property...

Interpretation of IHTA 1984

28 In section 272 of IHTA 1984 (general interpretation), in the...

Part 4 — RELATED AMENDMENTS IN TCGA 1992

29 (1) TCGA 1992 is amended in accordance with the following...

30 (1) Section 72 (death of person entitled to an interest...

31 In section 73 (no chargeable gain on deemed disposal under...

32 In section 260(2) (disposals where gain may be held over),...

Part 5 — PROPERTY SUBJECT TO A RESERVATION

33 (1) FA 1986 is amended as follows.

Part 6 — CONDITIONAL EXEMPTION: RELIEF FROM CHARGES

34 (1) Section 79 of IHTA 1984 (subsection (3) of which...

SCHEDULE 21 — Taxable property held by investment-regulated pension schemes

1 In section 271 of TCGA 1992 (exemptions), after subsection (1A)...

2 Part 4 of FA 2004 (pension schemes) is amended as...

3 (1) Section 160 (payments by registered pension schemes) is amended...

4 In section 173 (benefits), after subsection (7) insert—

5 After section 174 insert— Taxable property held by investment-regulated pension...

6 After section 185 insert— Income and gains from taxable property...

7 In section 186 (relief for income derived from scheme investments),...

8 In section 239 (scheme sanction charge), after subsection (5) insert—...

9 In section 241(1) (scheme chargeable payments) insert at the end...

10 After section 273 insert— Income and gains from taxable property...

11 In section 278 (market value), after subsection (3) insert—

12 In section 280(2) (index of defined expressions), in the table,...

13 After Schedule 29 insert— SCHEDULE 29A Taxable property held by...

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- 14 (1) Schedule 34 (non-UK schemes: application of certain charges) is...
- 15 In Schedule 36 (transitional provisions and savings), after paragraph 37...

SCHEDULE 22 — Pension schemes: inheritance tax

Introductory

- 1 IHTA 1984 is amended as follows.

Dispositions

- 2 In section 12 (dispositions conferring retirement benefits), after subsection (2)...

Secured pension funds

- 3
- 4

Liability

- 5
- 6

Delivery of accounts

- 7

Payment

- 8

Interest

- 9

Interpretation

- 10 (1) Section 272 (general interpretation) is amended as follows.

Rates of tax

- 11

Transitional

- 12

SCHEDULE 23 — Pension schemes etc: miscellaneous

Introduction

- 1 Part 4 of FA 2004 (pension schemes etc) is amended...

Meaning of “pension credit member” etc: person dying before discharge of liability

- 2 In section 151(5) (pension credit members), insert at the end...

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Unauthorised payments: former members and sponsoring employers etc

- 3 (1) Section 160 (payments by registered pension schemes) is amended...
- 4 (1) Section 161 (meaning of “payment” etc) is amended as...
- 5 In section 162(3) and (4) (meaning of “loan”)—
- 6 In section 164 (authorised member payments)— (a) before “member”
insert...
- 7 In section 171(1) and (4) (scheme administration member payments),
before...
- 8 (1) Section 173 (benefits) is amended as follows.
- 9 (1) Section 174 (value shifting) is amended as follows.
- 10 In section 175 (authorised employer payments), before “sponsoring”
insert “... ”
- 11 In section 179(1), (5) and (6) (authorised employer loan), before...
- 12 In section 180(1) and (4) (scheme administration employer payments),
before...
- 13 In section 181(1) (value shifting)— (a) before “sponsoring employer”,
in...
- 14 In section 208(2) (unauthorised payments charge)— (a) in
paragraph (a),...
- 15 In section 209(3) (unauthorised payments surcharge)— (a) in
paragraph (a),...
- 16 (1) Section 210 (surchargeable unauthorised member payments) is
amended as...
- 17 In section 211(1) (valuation of crystallised rights), for “the
arrangement”,...
- 18 In section 212(3) (valuation of uncrystallised rights), for “the
arrangement”,...
- 19 (1) Section 213 (surchargeable unauthorised employer payments) is
amended as...

“Bridging” pensions

- 20 (1) Paragraph 2 of Schedule 28 (scheme pension) is amended...
- 21 In paragraph 1(4)(a) of Schedule 29 (pension commencement lump
sum:...

Pension commencement lump sum: scheme pensions under money purchase arrangements

- 22 (1) Paragraph 3 of Schedule 29 (pension commencement lump sum:...
- 23 (1) Paragraph 2 of that Schedule (the permitted maximum) is...
- 24 (1) Paragraph 29 of Schedule 36 (transitional provisions: applicable
amount...
- 25 (1) Paragraph 34 of that Schedule (transitional provisions: entitlement
to...
- 26 In section 280(2) (general index), after the entry relating to...

Short service refund lump sum: protected rights etc.

- 27 In paragraph 5(1)(d) of Schedule 29 (requirement that lump sum...

Refund of excess contributions lump sum: excess relief at source

- 28 (1) Paragraph 6 of Schedule 29 (refund of excess contributions...

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Annuity protection lump sum death benefit: benefits from unsecured pension fund

29 In paragraph 16(3) of Schedule 29 (annuity protection lump sum...

Benefit crystallisation events: reaching 75 after designation for unsecured pension

30 In section 216(1) (benefit crystallisation events and amounts crystallised), in...

Availability of individual's lifetime allowance: previous benefit crystallisation events

31 (1) Section 219 (availability of individual's lifetime allowance) is amended...

Overseas pension schemes: extension of migrant member relief

32 (1) Paragraph 4 of Schedule 33 (meaning of “relevant migrant...

Abatement

33 In section 279(1) (definitions), in the definition of “abatement”—

Amendments and transitionals

34 (1) Section 281 (minor and consequential amendments) is amended as...

35 (1) Section 283 (transitionals and savings) is amended as follows....

Transitional provision: uncrystallised rights under paragraph 9 to include separate lump sums

36 (1) Paragraph 9 of Schedule 36 (uncrystallised rights under arrangement...

Transitional protection: taking account of death benefits

37 Schedule 36 (transitional provisions) is amended as follows.

38 After paragraph 11 insert— (1) This paragraph applies where— (a) paragraph 7 makes provision...

39 In paragraph 14 (enhanced protection: relevant contributions), after subparagraph (2)...

40 (1) Paragraph 15 (enhanced protection: “the relevant crystallised amount”) is...

41 After that paragraph insert— (1) This paragraph applies where— (a) a person is paid...

42 In section 256(1) (enhanced lifetime allowance regulations)—

Transitional protection: right to take benefits before normal pension age

43 (1) Paragraph 22 of Schedule 36 (right to take benefits...

Transitional provisions: minor corrections

44 Schedule 36 (transitional provisions) is amended as follows.

45 In paragraphs 9(4)(a) and 26(3)(a) (primary protection: maximum permitted pension...

46 In paragraph 54(1)(b) (benefits taxable under Chapter 2 of Part...

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Introduction

- 1 Schedule 15 to FA 2003 (stamp duty land tax: partnerships)...

Transfer of chargeable interest to a partnership

- 2 (1) In paragraph 10 (transfer of chargeable interest to a...
3 In paragraph 11 (transfer of chargeable interest to a partnership:...
4 (1) In paragraph 13 (transfer of chargeable interest to a...

Transfer of chargeable interest from a partnership

- 5 (1) In paragraph 18 (transfer of chargeable interest from a...
6 In paragraph 19 (transfer of chargeable interest from a partnership:...
7 (1) In paragraph 24 (transfer of chargeable interest from a...

Transfer of chargeable interest from a partnership to a partnership

- 8 In paragraph 23 (transfer of chargeable interest from a partnership...

Transfer of partnership interest: restriction of charge to property-investment partnerships

- 9 (1) In paragraph 14 (transfer of partnership interest: consideration given...

Prevention of double charge where money etc withdrawn from partnership

- 10 In paragraph 17A (withdrawal of money etc from partnership after...

Commencement

- 11 (1) Paragraphs 2 to 8 have effect in relation to...

SCHEDULE 25 — Stamp duty land tax: amendments of Schedule 17A to FA 2003

Introduction

- 1 Schedule 17A (stamp duty land tax: further provisions relating to...

Agricultural tenancies variable under statutory provisions

- 2 (1) In paragraph 7 (variable or uncertain rent), after sub-paragraph...

Backdated lease granted to tenant holding over

- 3 (1) After paragraph 9 insert— Backdated lease granted to tenant...

Disapplication of “single lease” treatment where agreement for lease followed by grant

- 4 In paragraph 12A (agreement for lease), at the end of...
5 (1) In paragraph 19 (provisions relating to leases in Scotland),...

Disapplication of “new lease” treatment for certain rent increases after fifth year

- 6 (1) In paragraph 13 (increase in rent treated as grant...

Abnormal rent increase after fifth year

- 7 (1) In paragraph 14 (increase of rent treated as grant...

Changes to legislation: Finance Act 2006 is up to date with all changes known to be in force on or before 04 February 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

8 (1) In paragraph 15 (increase of rent after fifth year:...

Commencement

9 (1) Paragraph 2 has effect in relation to any lease...

SCHEDULE 26 — Repeals

Part 1 — EXCISE DUTIES

Part 2 — VALUE ADDED TAX

Part 3 — INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Part 4 — REAL ESTATE INVESTMENT TRUSTS

Part 5 — OIL

Part 6 — INHERITANCE TAX

Part 7 — STAMP TAXES

Part 8 — MISCELLANEOUS PROVISIONS

Changes to legislation:

Finance Act 2006 is up to date with all changes known to be in force on or before 04 February 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.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Sch. 12 para. 47(1) omitted by [2008 c. 9 s. 41\(7\)\(j\)](#)