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PO -CH /NL/0367



PART A

1988 BUDGET RESOLUTIONS

PO -CH /NL/0367

PART A

DD'S 25 years NAG 30/11/95.

15-3-88

1988
Budget Resolutions

267

Tony
Muph
499

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COPY NO 1 OF 14 COPIES *pur*

FROM: MRS T C BURNHAMS
DATE: 4 MARCH 1988

PS/CHANCELLOR OF THE EXCHEQUER

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Sir Peter Middleton
Mr Scholar
Mr Culpin
Miss Sinclair
Miss Evans
Miss Hay
Mr Michie

BUDGET RESOLUTIONS

I attach a copy of the first draft of the Resolutions. Any comments should reach me by close on Monday 7 March. A further draft will be circulated on Wednesday 9 March.

T.C. Burnhams

MRS T C BURNHAMS

CL
Obvious error @ X,
but otherwise no comment.

AA
Thurs.
I reply on plans to
scrutinise this - v. dangerous!

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FROM: A C S ALLAN

DATE: 7 March 1988

MRS BURNHAMS

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Sir P Middleton
 Mr Scholar
 Mr Culpin
 Miss Sinclair
 Miss Evans
 Miss Hay
 Mr Michie

BUDGET RESOLUTIONS

The Chancellor was grateful for your minute of 4 March: he relies on others to scrutinize the resolutions carefully!

2. I noticed that the resolution on beer duty was clearly wrong, in saying that the rate should be increased from a higher number to a lower number!

A handwritten signature in dark ink, appearing to read "ACSA".

A C S ALLAN

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COPY NO 2 OF 11

FROM: R G MICHIE

DATE: 8 March 1988

MRS BURNHAMS

cc **PS/Chancellor ✓
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Sir P Middleton
Mr Scholar
Mr Culpin
Miss Sinclair
Miss Evans
Miss Hay**

BUDGET RESOLUTIONS

The Department of Transport (Mr Oliver) has confirmed that they have checked and are content with Budget Resolutions 8, 9, and 10, together with associated tables.

2. You advised me that Customs have undertaken to check their resolutions and are aware that there are typing errors therein which they will take action to correct.

R G Michie
R G MICHIE

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mp
FROM: MRS T C BURNHAMS

DATE: 9 March 1988

PS/CHANCELLOR OF THE EXCHEQUER

cc **PS/Chief Secretary**
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Sir Peter Middleton
Mr Scholar
Mr Culpin
Miss Sinclair
Miss Evans
Miss Hay
Mr Michie

BUDGET RESOLUTIONS

I attach a copy of the second draft of the Resolutions for information. Inland Revenue, Customs and Department of Transport will do the main scrutiny but any comments you may have should reach me by 10 am tomorrow Thursday 10 March. A final draft will be circulated on Friday 11 March.

T. C. Burnham
MRS T C BURNHAMS

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**RESOLUTIONS TO BE MOVED BY
THE CHANCELLOR OF THE
EXCHEQUER**

15th MARCH 1988

FIRST PRINT

Mr Chancellor of the Exchequer

PROVISIONAL COLLECTION OF TAXES: That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Beer (motion No. 2)
- (b) Wine and made-wine (motion No. 3)
- (c) Cider (motion No. 5)
- (d) Tobacco Products (motion No. 6)
- (e) Hydrocarbon oil (motion No. 7)
- (f) Vehicles excise duty (motion No. 8)
- (g) Vehicles excise duty (exceptional loads) (motion No. 9)

ARRANGEMENT OF WAYS AND MEANS RESOLUTIONS

1. Amendment of the law.
2. Beer.
3. Wine and made-wine.
4. Production of made-wine.
5. Cider.
6. Tobacco products.
7. Hydrocarbon oil.
8. Vehicles excise duty.
9. Vehicles excise duty (exceptional loads).
10. Vehicles excise duty (recovery vehicles).
11. Value added tax (registration).
12. Income tax (charge and rates for 1988–89).
13. Income tax (personal reliefs).
14. Corporation tax (charge and rate for financial year 1988).
15. Corporation tax (small companies).
16. Income tax (minor personal allowances).
17. Covenants and maintenance, etc.
18. Relief for interest (limit for 1988–89).
19. Relief for interest (home loans).
20. Relief for interest (home improvements).
21. Relief for interest (dependent relative's residence).
22. Benefits in kind (cars).
23. Woodlands.
24. Business expansion scheme.
25. Payments on termination of employment, etc.
26. Oil licences.
27. Company residence and migration.
28. Charities.
29. Entertainment expenses.
30. Premiums for leases, etc.
31. Underwriters.
32. Employee share acquisitions.
33. Capital allowances.
34. Capital gains tax (rates).
35. Capital gains (assets held on 31st March 1982).
36. Capital gains (married couples).
37. Capital gains (annual exempt amount).
38. Capital gains (dependent relative's residence).
39. Capital gains (indexation).
40. Transfers within a group.
41. Personal equity plans.
42. Investment trusts.
43. Assessment procedure.
44. Oil allowance.
45. Stamp duty (abolition of capital duty).
46. Stamp duty (abolition of unit trust instrument duty).
47. Stamp duty (paired shares).
48. Stamp duty reserve tax.
49. Relief from tax (incidental and consequential charges).

1. Amendment of the law

That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

- (a) for zero-rating or exempting any supply;
- (b) for refunding any amount of tax;
- (c) for varying the rate of that tax otherwise than in relation to all supplies and importations; or
- (d) for relief other than relief applying to goods of whatever description or services of whatever description.

2. Beer

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 36 of the Alcoholic Liquor Duties Act 1979 shall be increased—

- (a) from £28.80 for each hectolitre to £27.00 for each hectolitre; and
 (b) from £0.86 for each additional degree of original gravity exceeding 1030 degrees to £0.90 for each such additional degree.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. Wine and made-wine

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty under sections 54 and 55 of the Alcoholic Liquor Duties Act 1979 shall be as follows—

Description of wine or made-wine	Rates of duty per hectolitre
	£
(1) Wine or made-wine of a strength not exceeding 15 per cent and not being sparkling	102.40
(2) Sparkling wine or sparkling made-wine of a strength not exceeding 15 per cent	169.10
(3) Wine or made-wine of a strength exceeding 15 per cent but not exceeding 18 per cent	176.60
(4) Wine or made-wine of a strength exceeding 18 per cent but not exceeding 22 per cent	203.70
(5) Wine or made-wine of a strength exceeding 22 per cent	203.70 plus £15.77 for every 1 per cent or part of 1 per cent in excess of 22 per cent.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. Production of made-wine

That section 55 of the Alcoholic Liquor Duties Act 1979 may be amended by provisions relating to the blending or other mixing of made-wines or of made-wines and wines.

5. Cider

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 62(1) of the Alcoholic Liquor Duties Act 1979 shall be increased from £15.80 per hectolitre to £17.33 per hectolitre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

6. Tobacco products

That, as from 18th March 1988, the rates of duty on cigarettes and hand-rolling tobacco specified in Schedule 1 to the Tobacco Products Duty Act 1979 shall be increased—

- (a) in the case of cigarettes, to an amount equal to 21 per cent of the retail price plus £31.74 per thousand cigarettes; and
- (b) in the case of cigars, to £48.79 per kilogram; and
- (c) in the case of hand-rolling tobacco, to £51.48 per kilogram.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

7. Hydrocarbon oil

That, as from 6 o'clock in the evening of 15th March 1988—

(1) the rates of duty specified in section 6(1) of the Hydrocarbon Oil Duties Act 1979 shall be increased—

- (a) in the case of light oil, from £0.1938 to £0.2044 a litre; and
- (b) in the case of heavy oil, from £0.1639 to £0.1729 a litre; and

(2) the rate of rebate of duty specified in section 13A of that Act (rebate on unleaded petrol) shall be increased from £0.0096 to £0.0202 a litre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

8. Vehicles excise duty

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, in relation to licences taken out after 15th March 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In Part I of Schedule 1 to each Act (annual rate of duty on motor bicycles etc.), in paragraph 2 (concession for certain bicycles first licensed before 1933 or, in Northern Ireland, 1935)—

- (a) in sub-paragraph (a), for the words "for which a licence was taken out before the beginning of the year" there shall be substituted the words "constructed before"; and
- (b) in sub-paragraph (b), for the words "224 pounds" there shall be substituted the words "101.6 kilograms".

(2) In Part II of Schedule 4 to the 1971 Act (annual rates of duty on goods vehicles), for Tables A, A(1) and A(2) (rates for rigid goods vehicles having plated gross weight exceeding 12 tonnes) there shall be substituted the Tables set out below:

TABLE A

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

GENERAL RATES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	410	320	320
13	14	570	340	340
14	15	740	340	340
15	17	1,130	340	340
17	19	—	540	340
19	21	—	730	340
21	23	—	1,000	490
23	25	—	1,780	690
25	27	—	—	1,110
27	29	—	—	1,630
29	30.49	—	—	2,680

TABLE A(1)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	245	190	190
13	14	340	205	205
14	15	445	205	205
15	17	680	205	205
17	19	—	325	205
19	21	—	440	205
21	23	—	600	295
23	25	—	1,070	415
25	27	—	—	665
27	29	—	—	980
29	30.49	—	—	1,610

TABLE A(2)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	105	90	90
13	14	145	90	90
14	15	185	90	90
15	17	285	90	90
17	19	—	135	90
19	21	—	185	90
21	23	—	250	125
23	25	—	445	175
25	27	—	—	280
27	29	—	—	410
29	30.49	—	—	670

(3) The Tables set out above shall also be substituted for Tables A, A(1) and A(2) in Part II of Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to a plated gross weight of a reference to relevant maximum weight.

(4) In Part II of Schedule 5 to each Act (annual rates of duty on motor cars etc.), in column 1, for paragraph 1 (vehicles first registered before 1947) there shall be substituted—

“1. Vehicles constructed before 1947.”

9. Vehicles excise duty (exceptional loads)

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, as from 1st June 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In section 1(2) of each Act (charge of duty), for the words "the first five Schedules" there shall be substituted the words "Schedules 1 to 5".

(2) In Part I of Schedule 3 to each Act (annual rates of duty on tractors etc.), in paragraph 6 (definition of "haulage vehicle"), after the words "other than one" there shall be inserted the words "to which Schedule 4A to this Act applies or which is".

(3) In Part I of Schedule 4 to each Act (annual rates of duty on goods vehicles), in paragraph 15—

(a) in sub-paragraph (1), in the definition of "goods vehicle", after the word "means" there shall be inserted the words "subject to sub-paragraph (1A) below"; and

(b) after that sub-paragraph there shall be inserted—

"(1A) In this Schedule 'goods vehicle' does not include a vehicle to which Schedule 4A to this Act applies."

(4) After Schedule 4 to the 1971 Act there shall be inserted—

"SCHEDULE 4A

ANNUAL RATES OF DUTY ON VEHICLES USED FOR
CARRYING OR DRAWING EXCEPTIONAL LOADS

1. This Schedule applies to a vehicle—

(a) which is a heavy motor car used for the carriage of exceptional loads; or

(b) which is a heavy locomotive, light locomotive or motor tractor used to draw trailers carrying such loads,

and which, when so used, is authorised for use on roads by virtue of an order under section 42 of the Road Traffic Act 1972.

2. The annual rate of duty applicable to a vehicle to which this Schedule applies shall be £1,600.

3. Where a vehicle—

(a) to which this Schedule applies; and

(b) which would but for paragraphs 5 and 15(1A) of Schedule 4 to this Act, be a goods vehicle of a description to which a higher rate of duty is applicable under this Act,

is at any time used on roads otherwise than as mentioned in paragraph 1 above, section 18 of this Act shall apply as if that vehicle were then being used in a manner or for a purpose which brings it within that description of vehicle.

4. In this Schedule—

‘exceptional load’ means a load which—

(a) by reason of its dimensions, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) complies in all respects with requirements of regulations under section 40 of the Road Traffic Act 1972; or

(b) by reason of its weight, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) has a total laden weight of not more than the specified amount and complies in all respects with such requirements;

‘specified amount’ means—

(a) in relation to any time before 1st October 1989, 32,520 kilograms;

(b) in relation to any time on or after that date, 38,000 kilograms;

and other expressions which are also used in the Road Traffic Act 1972 have the same meanings as in that Act.”

(5) The provisions set out in paragraph (4) above shall also be inserted after Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to the Road Traffic Act 1972, or to section 40 or 42 of that Act, of a reference to the Road Traffic (Northern Ireland) Order 1981, or to Article 28 or 29(3) of that Order.

(6) Section 2(1)(c) of the 1971 Act and section 2(1)(d) of the 1972 Act (seven day licences for vehicles authorised to be used on roads by virtue of orders under section 42 of the Road Traffic Act 1972 or Article 29(3) of the Road Traffic (Northern Ireland) Order 1981) shall cease to have effect.

10. Vehicles excise duty (recovery vehicles)

That provision may be made amending paragraph 8 of Part I of Schedule 3 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972.



11. Value added tax (registration)

That provision may be made as to registration and the cancellation of registrations under the Value Added Tax Act 1983.

12. Income tax (charge and rates for 1988–89)

That—

- (1) Income tax shall be charged for the year 1988–89—
 - (a) at the basic rate of 25 per cent, and
 - (b) in respect of so much of an individual's total income as exceeds £19,300, at the rate of 40 per cent.
- (2) The additional rate of income tax for the year 1988–89 shall be 10 per cent.
- (3) Section 1(4) of the Income and Corporation Taxes Act 1988 (indexation) shall not apply for the year 1988–89.
- (4) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. Income tax (personal reliefs)

That—

- (1) In section 257 of the Income and Corporation Taxes Act 1988 (personal reliefs)—
 - (a) in subsection (1)(a) (married allowance) for “£3,795” there shall be substituted “£4,095”;
 - (b) in subsections (1)(b) (single allowance) and (6) (wife's earned income relief) for “£2,425” there shall be substituted “£2,605”;
 - (c) in subsection (2)(a) (married allowance: age 65 or over), for “£4,675” there shall be substituted “£5,035”;
 - (d) in subsection (2)(b) (single allowance: age 65 or over), for “£2,960” there shall be substituted “£3,180”;
 - (e) in subsection (3)(a) (married allowance: age 80 or over), for “£4,845” there shall be substituted “£5,205”;
 - (f) in subsection (3)(b) (single allowance: age 80 or over), for “£3,070” there shall be substituted “£3,310”;
 - (g) in subsection (5) (income limit for age allowance), for “£9,800” there shall be substituted “£10,600”.
- (2) Section 257(9) of that Act (indexation) shall not apply for the year 1988–89.
- (3) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

14. Corporation tax (charge and rate for financial year 1988)

That corporation tax shall be charged for the financial year 1988 at the rate of 35 per cent.

15. Corporation tax (small companies)

That—

- (a) the small companies rate for the financial year 1988 shall be 25 per cent; and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988, and in section 95(2) of the Finance Act 1972, shall be one fortieth.

16. Income tax (minor personal allowances)

That—

- (1) Sections 258, 263 and 264 of the Income and Corporation Taxes Act 1988 (housekeeper allowance, dependent relative allowance and son's or daughter's services allowance) shall not have effect for the year 1988–89 or any subsequent year of assessment;
- (2) This resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

That—

(1) The following sections shall be inserted at the beginning of Part IX of the Taxes Act 1988 [and similarly for the Taxes Act 1970]—

“General rule.

347A.—(1) A payment to which this section applies shall not be a charge on the income of the person making it, and accordingly—

(a) his total income shall be computed without any deduction being made on account of the payment, and

(b) the payment shall not form part of the income of the person to whom it is made or of any other person.

(2) This section applies to any annual payment made by an individual which would otherwise be within the charge to tax under Case III of Schedule D except—

(a) a payment of interest;

(b) a covenanted payment to charity (within the meaning given by section 660(3));

(c) a payment made for bona fide commercial reasons in connection with a trade, profession or vocation.

Maintenance payments.

347B.—(1) In this section “qualifying maintenance payment” means a periodical payment which—

(a) is made under an order made by a court in the United Kingdom, or in pursuance of a written agreement the proper law of which is the law of a part of the United Kingdom,

(b) is made by one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party and for the maintenance of the other party or of any [child of the family],

(c) is due at a time when—

(i) the person making the payment and the person to or for whose benefit it is made are not a married couple living together, and

(ii) the person to or for whose benefit the payment is made is not married to a third party, [and

(d) is not a payment in respect of which relief from tax is available to the person making the payment under any provision of the Income Tax Acts other than this section.]

(2) Notwithstanding section 347A (1)(a) but subject to subsections (3) and (4) below, a person making a claim for the purpose shall be entitled, in computing his total income for a year of assessment, to deduct an amount equal to the aggregate amount of any qualifying maintenance payments made by him and falling due in that year.

(3) The amount which may be deducted under this section from a person's total income for a year of assessment shall not exceed the amount specified in section 257 (1)(b) for that year.

(4) Where qualifying maintenance payments falling due in a year of assessment are made by a person who also makes other payments attracting relief for that year, subsection (3) above shall apply as if the limit imposed by it were reduced by an amount equal to the aggregate amount of those other payments.

(5) The reference in subsection (4) above to payments attracting relief is a reference to

(6) The reference in subsection (1) above to a married couple living together shall be construed in accordance with section 282(1), but section 282(2) shall not apply for the purposes of this section.”

(2) Section 351 of the Taxes Act 1988 [and corresponding section of 1970 Act] shall cease to have effect.

(3) This Resolution shall have effect in relation to any payment falling due on or after [15th March] 1988 unless—

(a) it is made in pursuance of a binding obligation incurred before that date;

(b) where that obligation arises under a deed or written agreement, the deed or agreement has been delivered to [the] inspector before the end of June 1988; and

(c) where that obligation arises under an agreement which is not in writing, written particulars of the agreement have been delivered to [the] inspector before the end of June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. Relief for interest (limit for 1988–89)

That, for the year 1988–89 the qualifying maximum referred to in sections 357 and 365(3) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

19. Relief for interest (home loans)

That provision may be made about relief for interest paid in relation to any land, caravan or house-boat used or to be used as an only or main residence.

20. Relief for interest (home improvements)

That—

(1) In relation to payments of interest made on or after 6th April 1988 section 355 of the Taxes Act 1988 (limitations on relief for loans for purchase or improvement of land etc.) shall have effect with the insertion of the following subsections after subsection (2)—

“(2A) Section 354 shall not apply by virtue of subsection (1) (a) above where the interest is paid on a home improvement loan unless the loan was made before 6th April 1988.

(2B) In subsection (2A) above “home improvement loan” means—

(a) a loan to defray money applied in improving or developing land or buildings on land, otherwise than by the erection of a new building (which is not part of an existing residence) on land which immediately before the improvement or development began had no building on it, or

(b) a loan replacing (whether directly or indirectly) a loan within paragraph (a) above.

(2C) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of subsection (2A) above to have been made before that date.”

(2) In relation to payments of interest made on or after 6th April 1988 section 356 of that Act (job-related accommodation) shall have effect with the insertion of the following subsection after subsection (1)—

“(1A) Subsection (1) above shall not apply where the interest is paid on a home improvement loan (as defined in section 355 (2B)) unless the loan was made before 6th April 1988; and section 355 (2C) shall have effect for the purposes of this subsection as for those of section 355 (2A).”

(3) Interest paid by a housing association on a home improvement loan made on or after 6th April 1988 shall not be relevant loan interest for the purposes of Part IX of that Act; and for the purposes of this paragraph—

(a) “housing association” means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489,

(b) “home improvement loan” has the same meaning as in subsection (2B) of section 355 of that Act, and

(c) subsection (2C) of that section shall have effect as it does for the purposes of subsection (2A) of that section.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

21. Relief for interest (dependent relative's residence)

That—

(1) In sections 355(1) (a) and 357(2) (a) of the Income and Corporation Taxes Act 1988 the words "or of a dependent relative or former or separated spouse of his," shall not have effect in relation to payments of interest made on or after 6th April 1988.

(2) Paragraph (1) above shall not apply where the interest is paid on a loan made before 6th April 1988 if interest paid on it at a relevant time was eligible for relief under section 353 of the Income and Corporation Taxes Act 1988 only because the land, caravan or house-boat concerned was used as the only or main residence of the same dependent relative or former or separated spouse.

(3) In paragraph (2) above "relevant time" means—

(a) the last time when interest was paid on the loan before 6th April 1988, or

(b) if no interest was paid on it before that date, any time within the period of 12 months (or any longer period substituted in relation to the case under section 355(2) of the Income and Corporation Taxes Act 1988) after the date on which the loan was made;

but sub-paragraph (b) above shall not apply if at any time after the date on which the loan was made and before the date on which the land, caravan or house-boat was first used as mentioned in paragraph (2) above, the land, caravan or house-boat was used for any other purpose.

(4) In section 358(4) (a) of the Income and Corporation Taxes Act 1988 (relief where borrower deceased) the words "or of any dependent relative of the deceased" shall not have effect in relation to payments of interest made on or after 6th April 1988 unless—

(a) the deceased died before that date, and

(b) the land, caravan or house-boat was used as the only or main residence of the dependent relative before that date.

(5) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of this Resolution to have been made before that date.

(6) Interest paid by a housing association shall not be relevant loan interest for the purposes of Part IX of the Taxes Act 1988 where by virtue of this Resolution it would not be relevant loan interest if paid by a member of the association; and in this paragraph "housing association" means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

22. Benefits in kind (cars)

That—

(1) For the year 1988–89 and subsequent years of assessment, Schedule 6 to the Income and Corporation Taxes Act 1988 (taxation of directors and others in respect of cars) shall have effect with substitution for Part I (tables of flat rate cash equivalents) of the following—

PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

TABLE A

Cars with an original market value up to £19,250 and having a cylinder capacity

Cylinder capacity of car in cubic centimetres	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
1400 or less	£1,050	£700
More than 1400 but not more than 2000	£1,400	£940
More than 2000	£2,200	£1,450

TABLE B

Cars with an original market value of more than £19,250 and not having a cylinder capacity

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £6,000	£1,050	£700
£6,000 or more but less than £8,500	£1,400	£940
£8,500 or more but not more than £19,250	£2,200	£1,450

TABLE C

Cars with an original market value of more than £19,250

Original market value of car	Age at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£2,900	£1,940
More than £29,000	£4,600	£3,060

(2) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of the Income and Corporation Taxes Act 1988 (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

23. Woodlands

That provision may be made about the commercial occupation of woodlands.

24. Business expansion scheme

That provision may be made amending Chapter III of Part VII of the Income and Corporation Taxes Act 1988 and the corresponding enactments repealed by that Act.

25. Payments on termination of employment, etc.

That provision may be made abolishing relief under paragraphs 4 to 7 of Schedule 11 to the Income and Corporation Taxes Act 1988.

26. Oil licences

That provision may be made with respect to the application of—

- (a) the Capital Gains Tax Act 1979 and any enactment which falls to be construed as one with that Act,
- (b) certain provisions of the Capital Allowances Act 1968, and
- (c) section 55 of and Schedules 13 and 14 to the Finance Act 1986 (capital allowances in respect of mineral extraction),

in relation to certain disposals (including part of disposals) of licences under the Petroleum (Production) Act 1934 and the Petroleum (Production) Act (Northern Ireland) 1964, being disposals occurring before as well as after the passing of this Resolution.

27. Company residence and migration

That charges to corporation tax may be imposed by provisions for determining whether or not a company is to be regarded as resident in the United Kingdom, and provisions relating to companies ceasing to be resident there.

28. Charities

That, for the year 1988–89 and subsequent years of assessment, section 202(7) of the Taxes Act 1988 (which limits to £120 the deductions attracting relief) shall have effect with the substitution of “£240” for “£120”.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

29. Entertainment expenses

That provision may be made repealing section 577(2) of the Income and Corporation Taxes Act 1988.

30. Premiums for leases etc

That provision may be made abolishing relief under Schedule 2 to the Income and Corporation Taxes Act 1988.

31. Underwriters

That charges to income tax (including charges for the years of assessment 1985–86, 1986–87 and 1987–1988) may be imposed by provisions about underwriters.

32. Employee share acquisitions

That provision (including retrospective provision) may be made about the acquisition of shares or interests in shares by directors or employees (or prospective or former directors or employees).

33. Capital allowances

That provision may be made with respect to allowances under the Capital Allowances Act 1968 or Chapter I of Part III of the Finance Act 1971.

34. Capital gains tax (rates)

That provision may be made about the rates at which capital gains tax is chargeable and for related purposes.

35. Capital gains (assets held on 31st March 1982)

That provision may be made as to the taxation of capital gains and losses on the disposal of assets acquired on or before 31st March 1982, and as to related matters.

36. Capital gains (married couples)

That provision may be made about chargeable gains of husbands and wives.

37. Capital gains (annual exempt amount)

That provision may be made as to the operation of section 5 of the Capital Gains Tax Act 1979 for the year 1988–89.

38. Capital gains (dependent relative's residence)

That provision may be made removing the relief given by section 105 of the Capital Gains Tax Act 1979.

39. Capital gains (indexation)

That provision (including provision having retrospective effect) may be made removing indexation allowance in the case of shares in building societies and industrial and provident societies and of certain disposals by companies of shares in, or debts owed by, members of the same group of companies or associated companies.

40. Transfers within a group

That provision may be made excluding certain cases from the operation of section 273 of the Income and Corporation Taxes Act 1970.

41. Personal equity plans

That provision may be made enabling regulations under section 149D of the Capital Gains Tax Act 1979 to secure, in relation to disposals on or after 18th January 1988, that losses are in certain circumstances disregarded for the purposes of capital gains tax.

42. Investment Trusts

That provision may be made amending the definition of "investment trust" in the Income and Corporation Taxes Act 1988 and treating section 93(6) of the Finance Act 1972 as not having been repealed.

43. Assessment procedure

That provision may be made about assessments relating to income arising in the year for which the assessments are made.

44. Oil allowance

That provision may be made reducing the oil allowance under section 8 of the Oil Taxation Act 1975 in respect of certain oil fields.

45. Stamp duty (abolition of capital duty)

That the following provisions shall have effect for the period beginning with 21st March 1988 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) The stamp duties chargeable by virtue of section 47 of the Finance Act 1973 and Article 8 of the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973 (stamp duties on documents relating to chargeable transactions of capital companies) are abolished; and accordingly—

(a) that section, section 48 of that Act and Schedule 19 to that Act; and

(b) that Article, Article 9 of that Order and Schedule 2 to that Order,

shall cease to have effect.

(2) Paragraph (1) above has effect in relation to—

(a) any transaction occurring on or after 21st March 1988; and

(b) any transaction occurring on or after 16th March 1988 in respect of which the relevant document (within the meaning of section 47 or Article 8) is not stamped before 21st March 1988;

and the repeals of sub-paragraphs (3) to (5) of paragraph 10 of Schedule 19 to that Act, and of sub-paragraphs (3) to (5) of paragraph 10 of Schedule 2 to that Order, (duty chargeable in respect of transactions that were previously exempt from duty) have effect in relation to any transaction occurring in the period of five years beginning on 16th March 1983 which was an exempt transaction by virtue of sub-paragraph (1) of that paragraph.

(3) For the purposes of section 14(4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force at the time of execution of a relevant document falling within paragraph (2)(b) above shall be deemed to be that as varied in accordance with this Resolution.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

46. Stamp duty (abolition of unit trust instrument duty)

That the following provisions shall have effect for the period beginning with 21st March 1988 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) The stamp duty chargeable by virtue of the heading in Schedule 1 to the Stamp Act 1891 “Unit Trust Instrument” is abolished; and accordingly that heading and the following enactments, namely—

- (a) section 53 of the Finance Act 1946;
- (b) section 24 of the Finance (No. 2) Act (Northern Ireland) 1946;
- (c) section 30 of the Finance Act 1962; and
- (d) section 3 of the Finance Act (Northern Ireland) 1962,

shall cease to have effect.

(2) Paragraph (1) above has effect in relation to—

- (a) any trust instrument executed on or after 21st March 1988;
- (b) any trust instrument executed on or after 16th March 1988 which is not stamped before 21st March 1988;
- (c) any property becoming trust property on or after 21st March 1988; and
- (d) any property becoming trust property on or after 16th March 1988 in respect of which the trust instrument is not stamped before 21st March 1988.

(3) For the purposes of section 14(4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force—

- (a) at the time of execution of a trust instrument falling within paragraph (2)(b) above; or
- (b) on the day on which property falling within paragraph (2)(d) above becomes trust property,

shall be deemed to be that as varied in accordance with this Resolution.

(4) In this Resolution “trust instrument” and “trust property” have the meanings given by section 57 of the Finance Act 1946 or section 28 of the Finance (No. 2) Act (Northern Ireland) 1946.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

47. Stamp duty (paired shares)

That provision (including provision having retrospective effect) may be made with respect to stamp duty in cases where shares in a company incorporated in the United Kingdom and shares in a company not so incorporated may not be transferred except in units each comprising one share in each company.

48. Stamp duty reserve tax

That charges to stamp duty reserve tax may be imposed by provisions (including provisions having retrospective effect) relating to that tax.



49. Relief from tax (incidental and consequential charges)

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) which may arise from provisions designed in general to afford relief from tax.



PROCEDURE RESOLUTION

That, notwithstanding anything to the contrary in the practice of the House relating to matters which may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

- (a) provisions about the taxation of persons who are or have been married,
- (b) provisions about the application of Chapter I of Part VII of the Income and Corporation Taxes Act 1988 to individuals not resident in the United Kingdom,
- (c) provisions about relief under section 259 of that Act,
- (d) provisions reducing the percentages specified in sections 266(5)(a) of, and paragraph 3(3)(a) of Schedule 14 to, that Act, and
- (e) provisions amending the Taxes Management Act 1970

FINANCE (No. 2) BILL [MONEY]: Queen's Recommendation signified

That, for the purposes of any Act resulting from the Finance (No. 2) Bill, it is expedient to authorise the making out of money provided by Parliament of payments to General Commissioners acting for divisions in Northern Ireland and payments to or in respect of clerks and assistant clerks to such Commissioners.

iv—A(1)
15 March 1988

**RESOLUTIONS TO BE MOVED BY
THE CHANCELLOR OF THE
EXCHEQUER**

15th MARCH 1988

SECOND PRINT

Mr Chancellor of the Exchequer

PROVISIONAL COLLECTION OF TAXES: That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Beer (motion No. 2)
- (b) Wine and made-wine (motion No. 3)
- (c) Cider (motion No. 4)
- (d) Tobacco Products (motion No. 5)
- (e) Hydrocarbon oil (motion No. 6)
- (f) Vehicles excise duty (motion No. 7)
- (g) Vehicles excise duty (exceptional loads, etc.) (motion No. 8).

ARRANGEMENT OF WAYS AND MEANS RESOLUTIONS

1. Amendment of the law.
2. Beer.
3. Wine and made-wine.
4. Cider.
5. Tobacco products.
6. Hydrocarbon oil.
7. Vehicles excise duty.
8. Vehicles excise duty (exceptional loads, etc.).
9. Vehicles excise duty (recovery vehicles).
10. Value added tax (registration).
11. Income tax (charge and rates for 1988–89).
12. Income tax (personal reliefs).
13. Corporation tax (charge and rate for financial year 1988).
14. Corporation tax (small companies).
15. Income tax (minor personal allowances).
16. Covenants and maintenance, etc.
17. Relief for interest (limit for 1988–89).
18. Relief for interest (home loans).
19. Relief for interest (home improvements).
20. Relief for interest (dependent relative's residence).
21. Benefits in kind (cars).
22. Woodlands.
23. Business expansion scheme.
24. Payments on termination of employment, etc.
25. Oil licences.
26. Company residence and migration.
27. Charities.
28. Entertainment expenses.
29. Premiums for leases, etc.
30. Underwriters.
31. Foreign public reserve dividends.
32. Employee share acquisitions.
33. Capital allowances.
34. Capital gains tax (rates).
35. Capital gains (assets held on 31st March 1982).
36. Capital gains (married couples).
37. Capital gains (annual exempt amount).
38. Capital gains (dependent relative's residence).
39. Capital gains (indexation).
40. Transfers within a group.
41. Personal equity plans.
42. Investment trusts.
43. Assessment procedure.
44. Oil allowance.
45. Stamp duty (abolition of capital duty).
46. Stamp duty (abolition of unit trust instrument duty).
47. Stamp duty (paired shares).
48. Stamp duty reserve tax.
49. Relief from tax (incidental and consequential charges).

1. Amendment of the law

That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

- (a) for zero-rating or exempting any supply;
- (b) for refunding any amount of tax;
- (c) for varying the rate of that tax otherwise than in relation to all supplies and importations; or
- (d) for relief other than relief applying to goods of whatever description or services of whatever description.

2. Beer

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 36 of the Alcoholic Liquor Duties Act 1979 shall be increased—

- (a) from £25.80 for each hectolitre to £27.00 for each hectolitre; and
- (b) from £0.86 for each additional degree of original gravity exceeding 1030 degrees to £0.90 for each such additional degree.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. Wine and made-wine

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty under sections 54 and 55 of the Alcoholic Liquor Duties Act 1979 shall be as follows—

Description of wine or made-wine	Rates of duty per hectolitre
	£
(1) Wine or made-wine of a strength not exceeding 15 per cent and not being sparkling	102.40
(2) Sparkling wine or sparkling made-wine of a strength not exceeding 15 per cent	169.10
(3) Wine or made-wine of a strength exceeding 15 per cent but not exceeding 18 per cent	176.60
(4) Wine or made-wine of a strength exceeding 18 per cent but not exceeding 22 per cent	203.70
(5) Wine or made-wine of a strength exceeding 22 per cent	203.70 plus £15.77 for every 1 per cent or part of 1 per cent in excess of 22 per cent.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. Cider

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 62(1) of the Alcoholic Liquor Duties Act 1979 shall be increased from £15.80 per hectolitre to £17.33 per hectolitre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. Tobacco products

That, as from 18th March 1988, the rates of duty on cigarettes, cigars and hand-rolling tobacco specified in Schedule 1 to the Tobacco Products Duty Act 1979 shall be increased—

- (a) in the case of cigarettes, to an amount equal to 21 per cent of the retail price plus £31.74 per thousand cigarettes;
- (b) in the case of cigars, to £48.79 per kilogram; and
- (c) in the case of hand-rolling tobacco, to £51.48 per kilogram.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

6. Hydrocarbon oil

That, as from 6 o'clock in the evening of 15th March 1988—

(1) The rates of duty specified in section 6(1) of the Hydrocarbon Oil Duties Act 1979 shall be increased—

(a) in the case of light oil, from £0.1938 to £0.2044 a litre; and

(b) in the case of heavy oil, from £0.1639 to £0.1729 a litre.

(2) The rate of rebate of duty specified in section 13A of that Act (rebate on unleaded petrol) shall be increased from £0.0096 to £0.0202 a litre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

7. Vehicles excise duty

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, in relation to licences taken out after 15th March 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In Part I of Schedule 1 to each Act (annual rate of duty on motor bicycles etc.), in paragraph 2 (concession for certain bicycles first licensed before 1933 or, in Northern Ireland, 1935)—

- (a) in sub-paragraph (a), for the words "for which a licence was taken out before the beginning of the year" there shall be substituted the words "constructed before"; and
- (b) in sub-paragraph (b), for the words "224 pounds" there shall be substituted the words "101.6 kilograms".

(2) In Part II of Schedule 4 to the 1971 Act (annual rates of duty on goods vehicles), for Tables A, A(1) and A(2) (rates for rigid goods vehicles having plated gross weight exceeding 12 tonnes) there shall be substituted the Tables set out below:

TABLE A

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

GENERAL RATES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	410	320	320
13	14	570	340	340
14	15	740	340	340
15	17	1,130	340	340
17	19	—	540	340
19	21	—	730	340
21	23	—	1,000	490
23	25	—	1,780	690
25	27	—	—	1,110
27	29	—	—	1,630
29	30.49	—	—	2,680

TABLE A(1)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	245	190	190
13	14	340	205	205
14	15	445	205	205
15	17	680	205	205
17	19	—	325	205
19	21	—	440	205
21	23	—	600	295
23	25	—	1,070	415
25	27	—	—	665
27	29	—	—	980
29	30.49	—	—	1,610

TABLE A(2)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	105	90	90
13	14	145	90	90
14	15	185	90	90
15	17	285	90	90
17	19	—	135	90
19	21	—	185	90
21	23	—	250	125
23	25	—	445	175
25	27	—	—	280
27	29	—	—	410
29	30.49	—	—	670

(3) The Tables set out above shall also be substituted for Tables A, A(1) and A(2) in Part II of Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to a plated gross weight of a reference to relevant maximum weight.

(4) In Part II of Schedule 5 to each Act (annual rates of duty on motor cars etc.), in column 1, for paragraph 1 (vehicles first registered before 1947) there shall be substituted—

“ 1. Vehicles constructed before 1947.”

8. Vehicles excise duty (exceptional load, etc.)

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, as from 1st June 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In section 1(2) of each Act (charge of duty), for the words "the first five Schedules" there shall be substituted the words "Schedules 1 to 5".

(2) In Part I of Schedule 3 to each Act (annual rates of duty on tractors etc.), in paragraph 6 (definition of "haulage vehicle"), after the words "other than one" there shall be inserted the words "to which Schedule 4A to this Act applies or which is".

(3) In Part I of Schedule 4 to each Act (annual rates of duty on goods vehicles), in paragraph 15—

(a) in sub-paragraph (1), in the definition of "goods vehicle", after the word "means" there shall be inserted the words "subject to sub-paragraph (1A) below"; and

(b) after that sub-paragraph there shall be inserted—

"(1A) In this Schedule 'goods vehicle' does not include a vehicle to which Schedule 4A to this Act applies."

(4) After Schedule 4 to the 1971 Act there shall be inserted—

"SCHEDULE 4A

**ANNUAL RATES OF DUTY ON VEHICLES USED FOR
CARRYING OR DRAWING EXCEPTIONAL LOADS**

1. This Schedule applies to a vehicle—

(a) which is a heavy motor car used for the carriage of exceptional loads; or

(b) which is a heavy locomotive, light locomotive or motor tractor used to draw trailers carrying such loads,

and which, when so used, is authorised for use on roads by virtue of an order under section 42 of the Road Traffic Act 1972.

2. The annual rate of duty applicable to a vehicle to which this Schedule applies shall be £1,600.

3. Where a vehicle—

(a) to which this Schedule applies; and

(b) which would, but for paragraphs 5 and 15(1A) of Schedule 4 to this Act, be a goods vehicle of a description to which a higher rate of duty is applicable under this Act,

is at any time used on roads otherwise than as mentioned in paragraph 1 above, section 18 of this Act shall apply as if that vehicle were then being used in a manner or for a purpose which brings it within that description of vehicle.

4. In this Schedule—

‘exceptional load’ means a load which—

(a) by reason of its dimensions, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) complies in all respects with requirements of regulations under section 40 of the Road Traffic Act 1972; or

(b) by reason of its weight, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) has a total laden weight of not more than the specified amount and complies in all respects with such requirements;

‘specified amount’ means—

(a) in relation to any time before 1st October 1989, 32,520 kilograms;

(b) in relation to any time on or after that date, 38,000 kilograms;

and other expressions which are also used in the Road Traffic Act 1972 have the same meanings as in that Act.”

(5) The provisions set out in paragraph (4) above shall also be inserted after Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to the Road Traffic Act 1972, or to section 40 or 42 of that Act, of a reference to the Road Traffic (Northern Ireland) Order 1981, or to Article 28 or 29(3) of that Order.

(6) Section 2(1)(c) of the 1971 Act and section 2(1)(c) and (d) of the 1972 Act (seven day licences shall cease to have effect.

9. Vehicles excise duty (recovery vehicles)

That provision may be made amending paragraph 8 of Part I of Schedule 3 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972.

10. Value added tax (registration)

That provision may be made as to registration and the cancellation of registrations under the Value Added Tax Act 1983.

11. Income tax (charge and rates for 1988–89)

That—

- (1) Income tax shall be charged for the year 1988–89—
 - (a) at the basic rate of 25 per cent, and
 - (b) in respect of so much of an individual's total income as exceeds £19,300, at the rate of 40 per cent.
- (2) The additional rate of income tax for the year 1988–89 shall be 10 per cent.
- (3) Section 1(4) of the Income and Corporation Taxes Act 1988 (indexation) shall not apply for the year 1988–89.
- (4) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

12. Income tax (personal reliefs)

That—

- (1) In section 257 of the Income and Corporation Taxes Act 1988 (personal reliefs)—
 - (a) in subsection (1) (a) (married allowance) for “£3,795” there shall be substituted “£4,095”;
 - (b) in subsections (1) (b) (single allowance) and (6) (wife's earned income relief) for “£2,425” there shall be substituted “£2,605”;
 - (c) in subsection (2) (a) (married allowance: age 65 to 79), for “£4,675” there shall be substituted “£5,035”;
 - (d) in subsection (2) (b) (single allowance: age 65 to 79), for “£2,960” there shall be substituted “£3,180”;
 - (e) in subsection (3) (a) (married allowance: age 80 and over), for “£4,845” there shall be substituted “£5,205”;
 - (f) in subsection (3) (b) (single allowance: age 80 and over), for “£3,070” there shall be substituted “£3,310”;
 - (g) in subsection (5) (income limit for age allowance), for “£9,800” there shall be substituted “£10,600”.
- (2) Section 257(9) of that Act (indexation) shall not apply for the year 1988–89.
- (3) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. Corporation tax (charge and rate for financial year 1988)

That corporation tax shall be charged for the financial year 1988 at the rate of 35 per cent.

14. Corporation tax (small companies)

That—

- (a) the small companies rate for the financial year 1988 shall be 25 per cent; and
- (b) the fraction mentioned in section 13(2) of the Income and Corporation Taxes Act 1988, and in section 95(2) of the Finance Act 1972, shall be one fortieth.

15. Income tax (minor personal allowances)

That—

(1) Sections 258, 263 and 264 of the Income and Corporation Taxes Act 1988 (housekeeper allowance, dependent relative allowance and son's or daughter's services allowance) shall not have effect for the year 1988–89 or any subsequent year of assessment.

(2) This resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

16. Covenants and maintenance, etc.

That—

(1) The following sections shall be inserted at the beginning of Part IX of the Taxes Act 1988 —

“General rule. 347A.—(1) A payment to which this section applies shall not be a charge on the income of the person liable to make it, and accordingly—

- (a) his income shall be computed without any deduction being made on account of the payment, and
- (b) the payment shall not form part of the income of the person to whom it is made or of any other person.

(2) This section applies to any annual payment made by an individual which would otherwise be within the charge to tax under Case III of Schedule D except—

- (a) a payment of interest;
- (b) a covenanted payment to charity (within the meaning given by section 660(3));
- (c) a payment made for bona fide commercial reasons in connection with the individual's trade, profession or vocation; and
- (d) a payment to which section 125(1) applies.

(3) This section shall apply to a payment made by personal representatives where—

- (a) the deceased would have been liable to make the payment if he had not died, and
- (b) this section would have applied to the payment if he had made it.

(4) An annuity or other annual payment arising outside the United Kingdom shall not be within the charge to tax under Case V of Schedule D if, by virtue of this section, it would not have been within the charge to tax under Case III had it arisen in the United Kingdom.

(5) No deduction shall be made under section 65(1)(b) on account of an annuity or other annual payment which would not be within the charge to tax under Case III of Schedule D if the recipient were resident in the United Kingdom.

Qualifying
maintenance
payments.

347B.—(1) In this section “qualifying maintenance payment” means a periodical payment which—

- (a) is made under an order made by a court in the United Kingdom, or in pursuance of a written contract the proper law of which is the law of a part of the United Kingdom,
- (b) is made by one of the parties to a marriage (including a marriage which has been dissolved or annulled) either—
 - (i) to or for the benefit of the other party and for the maintenance of the other party, or
 - (ii) to the other party for the maintenance of any child of the family,
- (c) is due at a time when—
 - (i) the two parties are not a married couple living together, and
 - (ii) the party to whom or for whose benefit the payment is made has not remarried, and
- (d) is not a payment in respect of which relief from tax is available to the person making the payment under any provision of the Income Tax Acts other than this section.

(2) Notwithstanding section 347A (1)(a) but subject to subsections (3) and (4) below, a person making a claim for the purpose shall be entitled, in computing his total income for a year of assessment, to deduct an amount equal to the aggregate amount of any qualifying maintenance payments made by him which fall due in that year.

(3) The amount which may be deducted under this section by a person in computing his income for a year of assessment shall not exceed the amount of the difference between the higher (married person's) relief and the lower (single person's) relief under subsection (1) of section 257 as it applies for the year to a person not falling within subsection (2) or (3) of that section.

(4) Where qualifying maintenance payments falling due in a year of assessment are made by a person who also makes other maintenance payments attracting relief for that year, subsection (3) above shall apply as if the limit imposed by it were reduced by an amount equal to the aggregate amount of those other payments.

(5) The reference in subsection (4) above to other maintenance payments attracting relief for a year is a reference to periodical payments which—

- (a) are made under an order made by a court (whether in the United Kingdom or elsewhere) or in pursuance of a written contract, and
- (b) are made by the person—
 - (i) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or
 - (ii) to any person under 21 years of age for his own benefit, maintenance or education, or
 - (iii) to any person for the benefit, maintenance or education of a person under 21 years of age,

and in respect of which the person making them is entitled otherwise than under this section to make a deduction in computing his income for the year.

(6) The reference in subsection (1) above to a married couple living together shall be construed in accordance with section 282 (1), but section 282 (2) shall not apply for the purposes of this section.”

(7) In this section—

- (a) “child of the family”, in relation to the parties to a marriage, means a person under 21 years of age—
 - (i) who is a child of both those parties, or
 - (ii) who (not being a person who has been boarded out with them by a public authority or voluntary organisation) has been treated by both of them as a child of their family; and
- (b) “periodical payment” does not include an instalment of a lump sum.”

(2) The following sections shall be inserted at the beginning of Part II of the Taxes Act 1970—

- “General rule. 51A.—(1) A payment to which this section applies shall not be a charge on the income of the person liable to make it, and accordingly—
- (a) his income shall be computed without any deduction being made on account of the payment, and
 - (b) the payment shall not form part of the income of the person to whom it is made or of any other person.
- (2) This section shall apply to any annual payment made by an individual which would otherwise be within the charge to tax under Case III of Schedule D except—
- (a) a payment of interest;
 - (b) a covenanted payment to charity (within the meaning given by section 434(2) below);
 - (c) a payment made for bona fide commercial reasons in connection with the individual's trade, profession or vocation; and
 - (d) a payment to which section 48(1) of the Finance Act 1977 applies.
- (3) This section shall apply to a payment made by personal representatives where—
- (a) the deceased would have been liable to make the payment if he had not died, and
 - (b) this section would have applied to the payment if he had made it.
- (4) An annuity or other annual payment arising outside the United Kingdom shall not be within the charge to tax under Case V of Schedule D if, by virtue of this section, it would not have been within the charge to tax under Case III had it arisen in the United Kingdom.
- (5) No deduction shall be made under section 122(1)(b) below on account of an annuity or other annual payment which would not be within the charge to tax under Case III of Schedule D if the recipient were resident in the United Kingdom.

Qualifying
maintenance
payments.

51B.—(1) In this section “qualifying maintenance payment” means a periodical payment which—

- (a) is made under an order made by a court in the United Kingdom, or in pursuance of a written contract the proper law of which is the law of a part of the United Kingdom,
- (b) is made by one of the parties to a marriage (including a marriage which has been dissolved or annulled) either—
 - (i) to or for the benefit of the other party and for the maintenance of the other party, or
 - (ii) to the other party for the maintenance of any child of the family,
- (c) is due at a time when—
 - (i) the two parties are not a married couple living together, and
 - (ii) the party to whom or for whose benefit the payment is made has not remarried, and
- (d) is not a payment in respect of which relief from tax is available to the person making the payment under any provision of the Income Tax Acts other than this section.

(2) Notwithstanding section 51A(1)(a) above but subject to subsections (3) and (4) below, a person making a claim for the purpose shall be entitled, in computing his total income for the year 1987–88, to deduct an amount equal to the aggregate amount of any qualifying maintenance payments made by him which fall due in that year.

(3) The amount which may be deducted under this section by a person in computing his total income for the year 1987–88 shall not exceed £1,370.

(4) Where qualifying maintenance payments falling due in the year 1987–88 are made by a person who also makes other maintenance payments attracting relief for that year, subsection (3) above shall apply as if the limit imposed by it were reduced by an amount equal to the aggregate amount of those other payments.

(5) The reference in subsection (4) above to other maintenance payments attracting relief for the year 1987–88 is a reference to periodical payments which—

- (a) are made under an order made by a court (whether in the United Kingdom or elsewhere) or in pursuance of a written contract, and
- (b) are made by the person—
 - (i) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or
 - (ii) to any person under 21 years of age for his own benefit, maintenance or education, or
 - (iii) to any person for the benefit, maintenance or education of a person under 21 years of age,

and in respect of which the person making them is entitled otherwise than under this section to make a deduction in computing his income for the year.

(6) The reference in subsection (1) above to a married couple living together shall be construed in accordance with section 42(1) above, but section 42(2) above shall not apply for the purposes of this section.

(7) In this section—

- (a) “child of the family”, in relation to the parties to a marriage, means a person under 21 years of age—
 - (i) who is a child of both those parties, or
 - (ii) who (not being a person who has been boarded out with them by a public authority or voluntary organisation) has been treated by both of them as a child of their family, and
- (b) “periodical payment” does not include an instalment of a lump sum.”

(3) Section 351 of the Taxes Act 1988 and section 65 of the Taxes Act 1970 shall cease to have effect.

(4) This Resolution shall have effect in relation to any payment falling due on or after 15th March 1988 unless—

- (a) it is made in pursuance of a binding obligation incurred before that date;
- (b) where that obligation arises under a deed or written contract, the deed or contract has been received by an inspector before the end of June 1988; and
- (c) where that obligation arises under a contract which is not in writing, written particulars of the contract have been received by an inspector before the end of June 1988.

(5) A maintenance order or maintenance agreement made on or after 15th March 1988 which replaces, varies or supplements a maintenance order or maintenance agreement made before that date shall be treated for the purposes of paragraph (4) above (and the later operation of this paragraph) as made before that date; and if the condition in paragraph (4)(b) above is satisfied in relation to the agreement replaced, varied or supplemented, it shall be regarded as satisfied in relation to the replacing, varying or supplementing agreement.

(6) Paragraph (5) above shall not apply to any provisions of an order or agreement which provide for payments to be made for a person's benefit, maintenance or education if the order or agreement replaced, varied or supplemented did not provide for such payments.

(7) For the purposes of paragraphs (4) and (5) above a maintenance order made by a court on or after 15th March 1988 but before the end of June 1988 shall be treated as made before 15th March 1988 if it is made on an application made on or before that date.

(8) In paragraphs (5) to (7) above "maintenance order" and "maintenance agreement" mean respectively an order made by a court (whether in the United Kingdom or elsewhere) and a written contract by which a person is required to make periodical payments (not being instalments of a lump sum)—

- (a) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or
- (b) to any person under 21 years of age for his own benefit, maintenance or education, or
- (c) to any person for the benefit, maintenance or education of a person under 21 years of age.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

17. Relief for interest (limit for 1988–89)

That, for the year 1988–89 the qualifying maximum referred to in sections 357 and 365(3) of the Income and Corporation Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. Relief for interest (home loans)

That provision may be made about relief for interest paid in relation to any land, caravan or house-boat used or to be used as an only or main residence.

19. Relief for interest (home improvements)

That—

(1) In relation to payments of interest made on or after 6th April 1988 section 355 of the Income and Corporation Taxes Act 1988 (limitations on relief for loans for purchase or improvement of land etc.) shall have effect with the insertion of the following subsections after subsection (2)—

“(2A) Section 354 shall not apply by virtue of subsection (1)(a) above where the interest is paid on a home improvement loan unless the loan was made before 6th April 1988.

(2B) In subsection (2A) above “home improvement loan” means—

(a) a loan to defray money applied in improving or developing land or buildings on land, otherwise than by the erection of a new building (which is not part of an existing residence) on land which immediately before the improvement or development began had no building on it, or

(b) a loan replacing (whether directly or indirectly) a loan within paragraph (a) above.

(2C) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of subsection (2A) above to have been made before that date.”

(2) In relation to payments of interest made on or after 6th April 1988 section 356 of that Act (job-related accommodation) shall have effect with the insertion of the following subsection after subsection (1)—

“(1A) Subsection (1) above shall not apply where the interest is paid on a home improvement loan (as defined in section 355(2B)) unless the loan was made before 6th April 1988; and section 355(2C) shall have effect for the purposes of this subsection as for those of section 355(2A).”

(3) Interest paid by a housing association on a home improvement loan made on or after 6th April 1988 shall not be relevant loan interest for the purposes of Part IX of that Act; and for the purposes of this paragraph—

(a) “housing association” means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489,

(b) “home improvement loan” has the same meaning as in subsection (2B) of section 355 of that Act, and

(c) subsection (2C) of that section shall have effect as it does for the purposes of subsection (2A) of that section.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

20. Relief for interest (dependent relative's residence)

That—

(1) In sections 355(1) (a) and 357(2) (a) of the Income and Corporation Taxes Act 1988 the words "or of a dependent relative or former or separated spouse of his," shall not have effect in relation to payments of interest made on or after 6th April 1988.

(2) Paragraph (1) above shall not apply where the interest is paid on a loan made before 6th April 1988 if interest paid on it at a relevant time was eligible for relief under section 353 of that Act only because the land, caravan or house-boat concerned was used as the only or main residence of the same dependent relative or former or separated spouse.

(3) In paragraph (2) above "relevant time" means—

(a) the last time when interest was paid on the loan before 6th April 1988, or

(b) if no interest was paid on it before that date, any time within the period of 12 months (or any longer period substituted in relation to the case under section 355(2) of that Act) after the date on which the loan was made;

but sub-paragraph (b) above shall not apply if at any time after the date on which the loan was made and before the date on which the land, caravan or house-boat was first used as mentioned in paragraph (2) above, the land, caravan or house-boat was used for any other purpose.

(4) In section 358(4) (a) of that Act (relief where borrower deceased) the words "or of any dependent relative of the deceased" shall not have effect in relation to payments of interest made on or after 6th April 1988 unless—

(a) the deceased died before that date, and

(b) the land, caravan or house-boat was used as the only or main residence of the dependent relative before that date.

(5) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of this Resolution to have been made before that date.

(6) Interest paid by a housing association shall not be relevant loan interest for the purposes of Part IX of that Act where by virtue of this Resolution it would not be relevant loan interest if paid by a member of the association; and in this paragraph "housing association" means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

21. Benefits in kind (cars)

That—

(1) For the year 1988–89 and subsequent years of assessment, Schedule 6 to the Income and Corporation Taxes Act 1988 (taxation of directors and others in respect of cars) shall have effect with substitution for Part I (tables of flat rate cash equivalents) of the following—

PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

TABLE A

Cars with an original market value up to £19,250 and having a cylinder capacity

Cylinder capacity of car in cubic centimetres	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
1400 or less	£1,050	£700
More than 1400 but not more than 2000	£1,400	£940
More than 2000	£2,200	£1,450

TABLE B

Cars with an original market value £19,250 and not having a cylinder capacity

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £6,000	£1,050	£700
£6,000 or more but less than £8,500	£1,400	£940
£8,500 or more but not more than £19,250	£2,200	£1,450

TABLE C

Cars with an original market value of more than £19,250

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£2,900	£1,940
More than £29,000	£4,600	£3,060

(2) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of the Income and Corporation Taxes Act 1988 (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

22. Woodlands

That provision may be made about the commercial occupation of woodlands.

23. Business expansion scheme

That provision may be made amending Chapter III of Part VII of the Income and Corporation Taxes Act 1988 and the corresponding enactments repealed by that Act.

24. Payments on termination of employment, etc.

That provision may be made abolishing relief under paragraphs 4 to 7 of Schedule 11 to the Income and Corporation Taxes Act 1988.

25. Oil licences

That provision may be made with respect to the application of—

- (a) the Capital Gains Tax Act 1979 and any enactment which falls to be construed as one with that Act,
- (b) certain provisions of the Capital Allowances Act 1968, and
- (c) section 55 of and Schedules 13 and 14 to the Finance Act 1986 (capital allowances in respect of mineral extraction),

in relation to certain disposals (including part disposals) of licences under the Petroleum (Production) Act 1934 and the Petroleum (Production) Act (Northern Ireland) 1964, being disposals occurring before as well as after the passing of this Resolution.

26. Company residence and migration

That charges to corporation tax may be imposed by provisions for determining whether or not a company is to be regarded as resident in the United Kingdom, and provisions relating to companies ceasing to be resident there.

27. Charities

That, for the year 1988–89 and subsequent years of assessment, section 202(7) of the Income and Corporation Taxes Act 1988 (which limits to £120 the deductions attracting relief) shall have effect with the substitution of “£240” for “£120”.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

28. Entertainment expenses

That provision may be made repealing section 577(2) of the Income and Corporation Taxes Act 1988.

29. Premiums for leases, etc.

That provision may be made abolishing relief under Schedule 2 to the Income and Corporation Taxes Act 1988.

30. Underwriters

That charges to income tax (including charges for the years of assessment 1985–86, 1986–87 and 1987–88) may be imposed by provisions about underwriters.

31. Foreign public revenue dividends.

The provision may be made about dividends payable out of any public revenue, within the meaning of Part III of the Income and Corporation Taxes Act 1988, other than the public revenue of the United Kingdom.

32. Employee share acquisitions

That provision (including retrospective provision) may be made about the acquisition of shares or interests in shares by directors or employees (or prospective or former directors or employees).

33. Capital allowances

That provision may be made with respect to allowances under the Capital Allowances Act 1968 or Chapter I of Part III of the Finance Act 1971.

34. Capital gains tax (rates)

That provision may be made about the rates at which capital gains tax is chargeable and for related purposes.

35. Capital gains (assets held on 31st March 1982)

That provision may be made as to the taxation of capital gains and losses on the disposal of assets acquired on or before 31st March 1982, and as to related matters.

36. Capital gains (married couples)

That provision may be made about chargeable gains of husbands and wives.

37. Capital gains (annual exempt amount)

That provision may be made as to the operation of section 5 of the Capital Gains Tax Act 1979 for the year 1988-89.

38. Capital gains (dependent relative's residence)

That provision may be made removing the relief given by section 105 of the Capital Gains Tax Act 1979.

39. Capital gains (indexation)

That provision (including provision having retrospective effect) may be made removing indexation allowance in the case of shares in building societies and industrial and provident societies and of certain disposals by companies of shares in, or debts owed by, members of the same group of companies or associated companies.

40. Transfers within a group

That provision may be made excluding certain cases from the operation of section 273 of the Income and Corporation Taxes Act 1970.

41. Personal equity plans

That provision may be made enabling regulations under section 149D of the Capital Gains Tax Act 1979 to secure, in relation to disposals on or after 18th January 1988, that losses are in certain circumstances disregarded for the purposes of capital gains tax.

42. Investment trusts

That provision may be made amending the definition of "investment trust" in the Income and Corporation Taxes Act 1988 and treating section 93(6) of the Finance Act 1972 as not having been repealed.

43. Assessment procedure

That provision may be made about assessments relating to income arising in the year for which the assessments are made.

44. Oil allowance

That provision may be made reducing the oil allowance under section 8 of the Oil Taxation Act 1975 in respect of certain oil fields.

45. Stamp duty (abolition of capital duty)

That the following provisions shall have effect for the period beginning with 22nd March 1988 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) The stamp duties chargeable by virtue of section 47 of the Finance Act 1973 and Article 8 of the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973 (stamp duties on documents relating to chargeable transactions of capital companies) are abolished; and accordingly—

(a) that section, section 48 of that Act and Schedule 19 to that Act; and

(b) that Article, Article 9 of that Order and Schedule 2 to that Order,

shall cease to have effect.

(2) Paragraph (1) above shall have effect in relation to—

(a) any transaction occurring on or after 22nd March 1988;

(b) any transaction occurring on or after 16th March 1988 in respect of which the relevant document is not stamped before 22nd March 1988;

(c) any exempt transaction occurring before 22nd March 1988 in respect of which a relevant event occurs on or after 22nd March 1988; and

(d) any exempt transaction occurring before 16th March 1988 in respect of which a relevant event occurs on or after 16th March 1988 and the relevant document is not stamped before 22nd March 1988.

(3) For the purposes of section 14(4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force—

(a) in a case falling within paragraph (2)(b) above, at the time of execution of the relevant document; or

(b) in a case falling within paragraph (2)(d) above, on the date on which the relevant event occurs,

shall be deemed to be that as varied in accordance with this Resolution.

(4) In this Resolution—

“exempt transaction” means a transaction which is exempt by virtue of paragraph 10(1) of Schedule 19 to the Finance Act 1973 or paragraph 10(1) of Schedule 2 to the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973;

“relevant document” has the meaning given by section 47 of that Act or Article 8 of that Order;

“relevant event” means such an event as is mentioned in paragraph 10(3)(a) or (b) of Schedule 19 to that Act or paragraph 10(3)(a) or (b) of Schedule 2 to that Order

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

46. Stamp duty (abolition of unit trust instrument duty)

That the following provisions shall have effect for the period beginning with 22nd March 1988 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) The stamp duty chargeable by virtue of the heading in Schedule 1 to the Stamp Act 1891 “Unit Trust Instrument” is abolished; and accordingly that heading and the following enactments, namely—

- (a) section 53 of the Finance Act 1946;
- (b) section 24 of the Finance (No. 2) Act (Northern Ireland) 1946;
- (c) section 30 of the Finance Act 1962; and
- (d) section 3 of the Finance Act (Northern Ireland) 1962,

shall cease to have effect.

(2) Paragraph (1) above shall have effect in relation to—

- (a) any trust instrument executed on or after 22nd March 1988;
- (b) any trust instrument executed on or after 16th March 1988 which is not stamped before 22nd March 1988;
- (c) any property becoming trust property on or after 22nd March 1988; and
- (d) any property becoming trust property on or after 16th March 1988 in respect of which the trust instrument is not stamped before 22nd March 1988.

(3) For the purposes of section 14(4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force—

- (a) at the time of execution of a trust instrument falling within paragraph (2)(b) above; or
- (b) on the day on which property falling within paragraph (2)(d) above becomes trust property,

shall be deemed to be that as varied in accordance with this Resolution.

(4) In this Resolution “trust instrument” and “trust property” have the meanings given by section 57 of the Finance Act 1946 or section 28 of the Finance (No. 2) Act (Northern Ireland) 1946.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

47. Stamp duty (paired shares)

That provision (including provision having retrospective effect) may be made with respect to stamp duty in cases where shares in a company incorporated in the United Kingdom and shares in a company not so incorporated may not be transferred except in units each comprising one share in each company.

48. Stamp duty reserve tax

That charges to stamp duty reserve tax may be imposed by provisions (including provisions having retrospective effect) relating to that tax.

49. Relief from tax (incidental and consequential charges)

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) which may arise from provisions designed in general to afford relief from tax.

PROCEDURE RESOLUTION

That, notwithstanding anything to the contrary in the practice of the House relating to matters which may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

- (a) provisions about the taxation of persons who are or have been married,
- (b) provisions about the application of Chapter I of Part VII of the Income and Corporation Taxes Act 1988 to individuals not resident in the United Kingdom,
- (c) provisions about relief under section 259 of that Act,
- (d) provisions reducing the percentages specified in sections 266(5)(a) and 274(3)(a) of, and paragraph 3(3)(a) of Schedule 14 to, that Act, and
- (e) provisions amending the Taxes Management Act 1970.

FINANCE (No. 2) BILL [MONEY]: Queen's Recommendation signified

That, for the purposes of any Act resulting from the Finance (No. 2) Bill, it is expedient to authorise the making out of money provided by Parliament of payments to General Commissioners acting for divisions in Northern Ireland and payments to or in respect of clerks and assistant clerks to such Commissioners.

iv—A(2)

9 March 1988

**RESOLUTIONS TO BE MOVED BY
THE CHANCELLOR OF THE
EXCHEQUER**

15th MARCH 1988

SEMI-FINAL PRINT

(2)

Mr Chancellor of the Exchequer

PROVISIONAL COLLECTION OF TAXES: That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Beer (motion No. 2)
- (b) Wine and made-wine (motion No. 3)
- (c) Cider (motion No. 4)
- (d) Tobacco Products (motion No. 5)
- (e) Hydrocarbon oil (motion No. 6)
- (f) Vehicles excise duty (motion No. 7)
- (g) Vehicles excise duty (exceptional loads, etc.) (motion No. 8).

ARRANGEMENT OF WAYS AND MEANS RESOLUTIONS

1. Amendment of the law.
2. Beer.
3. Wine and made-wine.
4. Cider.
5. Tobacco products.
6. Hydrocarbon oil.
7. Vehicles excise duty.
8. Vehicles excise duty (exceptional loads, etc.).
9. Vehicles excise duty (recovery vehicles).
10. Value added tax (registration).
11. Income tax (charge and rates for 1988–89).
12. Income tax (personal reliefs).
13. Corporation tax (charge and rate for financial year 1988).
14. Corporation tax (small companies).
15. Income tax (minor personal allowances).
16. Covenants and maintenance, etc.
17. Relief for interest (limit for 1988–89).
18. Relief for interest (home loans).
19. Relief for interest (home improvements).
20. Relief for interest (dependent relative's residence).
21. Benefits in kind (cars).
22. Woodlands.
23. Business expansion scheme.
24. Payments on termination of employment, etc.
25. Oil licences.
26. Company residence and migration.
27. Charities.
28. Entertainment expenses.
29. Premiums for leases, etc.
30. Underwriters.
31. Foreign public revenue dividends.
32. Employee share acquisitions.
33. Capital allowances.
34. Capital gains tax (rates).
35. Capital gains (assets held on 31st March 1982).
36. Capital gains (married couples).
37. Capital gains (annual exempt amount).
38. Capital gains (dependent relative's residence).
39. Capital gains (indexation).
40. Transfers within a group.
41. Personal equity plans.
42. Investment trusts.
43. Assessment procedure.
44. Oil allowance.
45. Stamp duty (abolition of capital duty).
46. Stamp duty (abolition of unit trust instrument duty).
47. Stamp duty (paired shares).
48. Stamp duty reserve tax.
49. Relief from tax (incidental and consequential charges).

1. Amendment of the law

That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

- (a) for zero-rating or exempting any supply;
- (b) for refunding any amount of tax;
- (c) for varying the rate of that tax otherwise than in relation to all supplies and importations; or
- (d) for relief other than relief applying to goods of whatever description or services of whatever description.

2. Beer

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 36 of the Alcoholic Liquor Duties Act 1979 shall be increased—

- (a) from £25.80 for each hectolitre to £27.00 for each hectolitre; and
- (b) from £0.86 for each additional degree of original gravity exceeding 1030 degrees to £0.90 for each such additional degree.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. Wine and made-wine

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty under sections 54 and 55 of the Alcoholic Liquor Duties Act 1979 shall be as follows—

Description of wine or made-wine	Rates of duty per hectolitre
	£
(1) Wine or made-wine of a strength not exceeding 15 per cent and not being sparkling	102.40
(2) Sparkling wine or sparkling made-wine of a strength not exceeding 15 per cent	169.10
(3) Wine or made-wine of a strength exceeding 15 per cent but not exceeding 18 per cent	176.60
(4) Wine or made-wine of a strength exceeding 18 per cent but not exceeding 22 per cent	203.70
(5) Wine or made-wine of a strength exceeding 22 per cent	203.70 plus £15.77 for every 1 per cent or part of 1 per cent in excess of 22 per cent.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. Cider

That, as from 6 o'clock in the evening of 15th March 1988, the rates of duty specified in section 62(1) of the Alcoholic Liquor Duties Act 1979 shall be increased from £15.80 per hectolitre to £17.33 per hectolitre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. Tobacco products

That, as from 18th March 1988, the rates of duty on cigarettes, cigars and hand-rolling tobacco specified in Schedule 1 to the Tobacco Products Duty Act 1979 shall be increased—

- (a) in the case of cigarettes, to an amount equal to 21 per cent of the retail price plus £31.74 per thousand cigarettes;
- (b) in the case of cigars, to £48.79 per kilogram; and
- (c) in the case of hand-rolling tobacco, to £51.48 per kilogram.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

6. Hydrocarbon oil

That, as from 6 o'clock in the evening of 15th March 1988—

(1) The rates of duty specified in section 6(1) of the Hydrocarbon Oil Duties Act 1979 shall be increased—

(a) in the case of light oil, from £0.1938 to £0.2044 a litre; and

(b) in the case of heavy oil, from £0.1639 to £0.1729 a litre.

(2) The rate of rebate of duty specified in section 13A of that Act (rebate on unleaded petrol) shall be increased from £0.0096 to £0.0202 a litre.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

7. Vehicles excise duty

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, in relation to licences taken out after 15th March 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In Part I of Schedule 1 to each Act (annual rate of duty on motor bicycles etc.), in paragraph 2 (concession for certain bicycles first licensed before 1933 or, in Northern Ireland, 1935)—

- (a) in sub-paragraph (a), for the words "for which a licence was taken out before the beginning of the year" there shall be substituted the words "constructed before"; and
- (b) in sub-paragraph (b), for the words "224 pounds" there shall be substituted the words "101.6 kilograms".

(2) In Part II of Schedule 4 to the 1971 Act (annual rates of duty on goods vehicles), for Tables A, A(1) and A(2) (rates for rigid goods vehicles having plated gross weight exceeding 12 tonnes) there shall be substituted the Tables set out below:

TABLE A

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

GENERAL RATES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	410	320	320
13	14	570	340	340
14	15	740	340	340
15	17	1,130	340	340
17	19	—	540	340
19	21	—	730	340
21	23	—	1,000	490
23	25	—	1,780	690
25	27	—	—	1,110
27	29	—	—	1,630
29	30.49	—	—	2,680

TABLE A(1)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	245	190	190
13	14	340	205	205
14	15	445	205	205
15	17	680	205	205
17	19	—	325	205
19	21	—	440	205
21	23	—	600	295
23	25	—	1,070	415
25	27	—	—	665
27	29	—	—	980
29	30.49	—	—	1,610

TABLE A(2)

RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1. Exceeding	2. Not exceeding	3. Two axle vehicle	4. Three axle vehicle	5. Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	105	90	90
13	14	145	90	90
14	15	185	90	90
15	17	285	90	90
17	19	—	135	90
19	21	—	185	90
21	23	—	250	125
23	25	—	445	175
25	27	—	—	280
27	29	—	—	410
29	30.49	—	—	670

(3) The Tables set out above shall also be substituted for Tables A, A(1) and A(2) in Part II of Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to a plated gross weight of a reference to relevant maximum weight.

(4) In Part II of Schedule 5 to each Act (annual rates of duty on motor cars etc.), in column 1, for paragraph 1 (vehicles first registered before 1947) there shall be substituted—

“ 1. Vehicles constructed before 1947.”

8. Vehicles excise duty (exceptional loads, etc.)

That the Vehicles (Excise) Act 1971 ("the 1971 Act") and the Vehicles (Excise) Act (Northern Ireland) 1972 ("the 1972 Act") shall have effect, as from 1st June 1988, with the amendments set out below.

But this Resolution shall not authorise the making of amendments which would result in different provisions being in force in different parts of Great Britain.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

(1) In section 1(2) of each Act (charge of duty), for the words "the first five Schedules" there shall be substituted the words "Schedules 1 to 5".

(2) In Part I of Schedule 3 to each Act (annual rates of duty on tractors etc.), in paragraph 6 (definition of "haulage vehicle"), after the words "other than one" there shall be inserted the words "to which Schedule 4A to this Act applies or which is".

(3) In Part I of Schedule 4 to each Act (annual rates of duty on goods vehicles), in paragraph 15—

(a) in sub-paragraph (1), in the definition of "goods vehicle", after the word "means" there shall be inserted the words "subject to sub-paragraph (1A) below"; and

(b) after that sub-paragraph there shall be inserted—

"(1A) In this Schedule 'goods vehicle' does not include a vehicle to which Schedule 4A to this Act applies."

(4) After Schedule 4 to the 1971 Act there shall be inserted—

"SCHEDULE 4A

**ANNUAL RATES OF DUTY ON VEHICLES USED FOR
CARRYING OR DRAWING EXCEPTIONAL LOADS**

1. This Schedule applies to a vehicle—

(a) which is a heavy motor car used for the carriage of exceptional loads; or

(b) which is a heavy locomotive, light locomotive or motor tractor used to draw trailers carrying such loads,

and which, when so used, is authorised for use on roads by virtue of an order under section 42 of the Road Traffic Act 1972.

2. The annual rate of duty applicable to a vehicle to which this Schedule applies shall be £1,600.

3. Where a vehicle—

(a) to which this Schedule applies; and

(b) which would, but for paragraphs 5 and 15(1A) of Schedule 4 to this Act, be a goods vehicle of a description to which a higher rate of duty is applicable under this Act,

is at any time used on roads otherwise than as mentioned in paragraph 1 above, section 18 of this Act shall apply as if that vehicle were then being used in a manner or for a purpose which brings it within that description of vehicle.

4. In this Schedule—

‘exceptional load’ means a load which—

(a) by reason of its dimensions, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) complies in all respects with requirements of regulations under section 40 of the Road Traffic Act 1972; or

(b) by reason of its weight, cannot be carried by a heavy motor car or trailer, or a combination of a heavy motor car and trailer, which (in either case) has a total laden weight of not more than the specified amount and complies in all respects with such requirements;

‘specified amount’ means—

(a) in relation to any time before 1st October 1989, 32,520 kilograms;

(b) in relation to any time on or after that date, 38,000 kilograms;

and other expressions which are also used in the Road Traffic Act 1972 have the same meanings as in that Act.”

(5) The provisions set out in paragraph (4) above shall also be inserted after Schedule 4 to the 1972 Act, but modified for that purpose by the substitution for any reference to the Road Traffic Act 1972, or to section 40 or 42 of that Act, of a reference to the Road Traffic (Northern Ireland) Order 1981, or to Article 28 or 29(3) of that Order.

(6) Section 2(1)(c) of the 1971 Act and section 2(1)(c) and (d) of the 1972 Act (seven day licences) shall cease to have effect.

9. Vehicles excise duty (recovery vehicles)

That provision may be made amending paragraph 8 of Part I of Schedule 3 to each of the Vehicles (Excise) Act 1971 and the Vehicles (Excise) Act (Northern Ireland) 1972.

10. Value added tax (registration)

That provision may be made as to registration and the cancellation of registrations under the Value Added Tax Act 1983.

11. Income tax (charge and rates for 1988-89)

That—

- (1) Income tax shall be charged for the year 1988-89—
 - (a) at the basic rate of 25 per cent, and
 - (b) in respect of so much of an individual's total income as exceeds £19,300, at the rate of 40 per cent.
- (2) The additional rate of income tax for the year 1988-89 shall be 10 per cent.
- (3) Section 1(4) of the Income and Corporation Taxes Act 1988 (indexation) shall not apply for the year 1988-89.
- (4) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

12. Income tax (personal reliefs)

That—

- (1) In section 257 of the Income and Corporation Taxes Act 1988 (personal reliefs)—
 - (a) in subsection (1)(a) (married allowance) for “£3,795” there shall be substituted “£4,095”;
 - (b) in subsections (1)(b) (single allowance) and (6) (wife's earned income relief) for “£2,425” there shall be substituted “£2,605”;
 - (c) in subsection (2)(a) (married allowance: age 65 to 79), for “£4,675” there shall be substituted “£5,035”;
 - (d) in subsection (2)(b) (single allowance: age 65 to 79), for “£2,960” there shall be substituted “£3,180”;
 - (e) in subsection (3)(a) (married allowance: age 80 and over), for “£4,845” there shall be substituted “£5,205”;
 - (f) in subsection (3)(b) (single allowance: age 80 and over), for “£3,070” there shall be substituted “£3,310”;
 - (g) in subsection (5) (income limit for age allowance), for “£9,800” there shall be substituted “£10,600”.
- (2) Section 257(9) of that Act (indexation) shall not apply for the year 1988-89.
- (3) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. Corporation tax (charge and rate for financial year 1988)

That corporation tax shall be charged for the financial year 1988 at the rate of 35 per cent.

14. Corporation tax (small companies)

That—

- (a) the small companies rate for the financial year 1988 shall be 25 per cent; and
- (b) the fraction mentioned in section 13(2) of the Income and Corporation Taxes Act 1988, and in section 95(2) of the Finance Act 1972, shall be one fortieth.

15. Income tax (minor personal allowances)

That—

(1) Sections 258, 263 and 264 of the Income and Corporation Taxes Act 1988 (housekeeper allowance, dependent relative allowance and son's or daughter's services allowance) shall not have effect for the year 1988–89 or any subsequent year of assessment.

(2) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of that Act (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

16. Covenants and maintenance, etc.

That—

(1) The following sections shall be inserted at the beginning of Part IX of the Income and Corporation Taxes Act 1988—

“General rule. 347A.—(1) A payment to which this section applies shall not be a charge on the income of the person liable to make it, and accordingly—

- (a) his income shall be computed without any deduction being made on account of the payment, and
- (b) the payment shall not form part of the income of the person to whom it is made or of any other person.

(2) This section applies to any annual payment made by an individual which would otherwise be within the charge to tax under Case III of Schedule D except—

- (a) a payment of interest;
- (b) a covenanted payment to charity (within the meaning given by section 660(3));
- (c) a payment made for bona fide commercial reasons in connection with the individual's trade, profession or vocation; and
- (d) a payment to which section 125(1) applies.

(3) This section applies to a payment made by personal representatives (within the meaning given in section 701(4)) where—

- (a) the deceased would have been liable to make the payment if he had not died, and
- (b) this section would have applied to the payment if he had made it.

(4) A maintenance payment arising outside the United Kingdom shall not be within the charge to tax under Case V of Schedule D if, because of this section, it would not have been within the charge to tax under Case III if it had arisen in the United Kingdom; and for this purpose “maintenance payment” means a periodical payment (not being an instalment of a lump sum) which satisfies the conditions set out in paragraphs (a) and (b) of section 374B(5).

(5) No deduction shall be made under section 65(1)(b) on account of an annuity or other annual payment which would not have been within the charge to tax under Case III of Schedule D if it had arisen in the United Kingdom.

Qualifying
maintenance
payments.

347B.—(1) In this section “qualifying maintenance payment” means a periodical payment which—

- (a) is made under an order made by a court in the United Kingdom, or under a written agreement the proper law of which is the law of a part of the United Kingdom,
- (b) is made by one of the parties to a marriage (including a marriage which has been dissolved or annulled) either—
 - (i) to or for the benefit of the other party and for the maintenance of the other party, or
 - (ii) to the other party for the maintenance by the other party of any child of the family,
- (c) is due at a time when—
 - (i) the two parties are not a married couple living together, and
 - (ii) the party to whom or for whose benefit the payment is made has not remarried, and
- (d) is not a payment in respect of which relief from tax is available to the person making the payment under any provision of the Income Tax Acts other than this section.

(2) Notwithstanding section 347A (1)(a) but subject to subsections (3) and (4) below, a person making a claim for the purpose shall be entitled, in computing his total income for a year of assessment, to deduct an amount equal to the aggregate amount of any qualifying maintenance payments made by him which fall due in that year.

(3) The amount which may be deducted under this section by a person in computing his total income for a year of assessment shall not exceed the amount of the difference between the higher (married person's) relief and the lower (single person's) relief under subsection (1) of section 257 as it applies for the year to a person not falling within subsection (2) or (3) of that section.

(4) Where qualifying maintenance payments falling due in a year of assessment are made by a person who also makes other maintenance payments attracting relief for that year, subsection (3) above shall apply as if the limit imposed by it were reduced by an amount equal to the aggregate amount of those other payments.

(5) The reference in subsection (4) above to other maintenance payments attracting relief for a year is a reference to periodical payments which—

(a) are made under an order made by a court (whether in the United Kingdom or elsewhere) or under a written or oral agreement, and

(b) are made by a person—

(i) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or

(ii) to any person under 21 years of age for his own benefit, maintenance or education, or

(iii) to any person for the benefit, maintenance or education of a person under 21 years of age,

and in respect of which the person making them is entitled otherwise than under this section to make a deduction in computing his income for the year.

(6) The reference in subsection (1) above to a married couple living together shall be construed in accordance with section 282 (1), but section 282 (2) shall not apply for the purposes of this section.

(7) In this section—

(a) "child of the family", in relation to the parties to a marriage, means a person under 21 years of age—

(i) who is a child of both those parties, or

(ii) who (not being a person who has been boarded out with them by a public authority or voluntary organisation) has been treated by both of them as a child of their family; and

(b) "periodical payment" does not include an instalment of a lump sum."

(2) The following sections shall be inserted at the beginning of Part II of the Income and Corporation Taxes Act 1970—

- “General rule. 51A.—(1) A payment to which this section applies shall not be a charge on the income of the person liable to make it, and accordingly—
- (a) his income shall be computed without any deduction being made on account of the payment, and
 - (b) the payment shall not form part of the income of the person to whom it is made or of any other person.
- (2) This section applies to any annual payment made by an individual which would otherwise be within the charge to tax under Case III of Schedule D except—
- (a) a payment of interest;
 - (b) a covenanted payment to charity (within the meaning given by section 434(2) below);
 - (c) a payment made for bona fide commercial reasons in connection with the individual's trade, profession or vocation; and
 - (d) a payment to which section 48(1) of the Finance Act 1977 applies.
- (3) This section applies to a payment made by personal representatives (within the meaning given in in section 432(4) below) where—
- (a) the deceased would have been liable to make the payment if he had not died, and
 - (b) this section would have applied to the payment if he had made it.
- (4) A maintenance payment arising outside the United Kingdom shall not be within the charge to tax under Case V of Schedule D if, because of this section, it would not have been within the charge to tax under Case III if it had arisen in the United Kingdom; and for this purpose “maintenance payment” means a periodical payment (not being an instalment of a lump sum) which satisfies the conditions set out in paragraphs (a) and (b) of section 51B(5) below.
- (5) No deduction shall be made under section 122(1)(b) below on account of an annuity or other annual payment which would not have been within the charge to tax under Case III of Schedule D if it had arisen in the United Kingdom.

Qualifying
maintenance
payments.

51B.—(1) In this section “qualifying maintenance payment” means a periodical payment which—

- (a) is made under an order made by a court in the United Kingdom, or under a written agreement the proper law of which is the law of a part of the United Kingdom,
- (b) is made by one of the parties to a marriage (including a marriage which has been dissolved or annulled) either—
 - (i) to or for the benefit of the other party and for the maintenance of the other party, or
 - (ii) to the other party for the maintenance by the other party of any child of the family,
- (c) is due at a time when—
 - (i) the two parties are not a married couple living together, and
 - (ii) the party to whom or for whose benefit the payment is made has not remarried, and
- (d) is not a payment in respect of which relief from tax is available to the person making the payment under any provision of the Income Tax Acts other than this section.

(2) Notwithstanding section 51A(1)(a) above but subject to subsections (3) and (4) below, a person making a claim for the purpose shall be entitled, in computing his total income for the year 1987–88, to deduct an amount equal to the aggregate amount of any qualifying maintenance payments made by him which fall due in that year.

(3) The amount which may be deducted under this section by a person in computing his total income for the year 1987–88 shall not exceed £1,370.

(4) Where qualifying maintenance payments falling due in the year 1987–88 are made by a person who also makes other maintenance payments attracting relief for that year, subsection (3) above shall apply as if the limit imposed by it were reduced by an amount equal to the aggregate amount of those other payments.

(5) The reference in subsection (4) above to other maintenance payments attracting relief for the year 1987–88 is a reference to periodical payments which—

- (a) are made under an order made by a court (whether in the United Kingdom or elsewhere) or under a written or oral agreement, and
- (b) are made by a person—
 - (i) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or
 - (ii) to any person under 21 years of age for his own benefit, maintenance or education, or
 - (iii) to any person for the benefit, maintenance or education of a person under 21 years of age,

and in respect of which the person making them is entitled otherwise than under this section to make a deduction in computing his income for the year.

(6) The reference in subsection (1) above to a married couple living together shall be construed in accordance with section 42(1) above, but section 42(2) above shall not apply for the purposes of this section.

(7) In this section—

(a) “child of the family”, in relation to the parties to a marriage, means a person under 21 years of age—

(i) who is a child of both those parties, or

(ii) who (not being a person who has been boarded out with them by a public authority or voluntary organisation) has been treated by both of them as a child of their family, and

(b) “periodical payment” does not include an instalment of a lump sum.”

(3) This Resolution shall have effect in relation to any payment falling due on or after 15th March 1988 unless it is made in pursuance of an existing obligation.

(4) In paragraph (3) above “existing obligation” means a binding obligation—

(a) under an order made by a court (whether in the United Kingdom or elsewhere) before 15th March 1988; or before the end of June 1988 on an application made on or before 15th March 1988;

(b) under a deed executed or written agreement made before 15th March 1988 and received by an inspector before the end of June 1988;

(c) under an oral agreement made before 15th March 1988; written particulars of which have been received by an inspector before the end of June 1988; or

(d) under an order made by a court (whether in the United Kingdom or elsewhere) on or after 15th March 1988; or under a written agreement made on or after that date, where the order or agreement replaces, varies or supplements an order or agreement within this subsection;

but subject to paragraph (5) below.

(5) An obligation within paragraph (4)(d) above is an existing obligation only if—

(a) it is an obligation to make periodical payments (not being instalments of a lump sum) which are made by a person—

(i) as one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to the marriage and for the maintenance of the other party, or

(ii) to any person under 21 years of age for his own benefit, maintenance or education, or

(iii) to any person for the benefit, maintenance or education of a person under 21 years of age, and

(b) the order or agreement replaced, varied or supplemented provided for such payments to be made for the benefit, maintenance or, as the case may be, education of the same person.

(6) Section 351 of the Income and Corporation Taxes Act 1988 and section 65 of the Income and Corporation Taxes Act 1970 shall not apply to any payment in relation to which this Resolution has effect.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

17. Relief for interest (limit for 1988–89)

That, for the year 1988–89 the qualifying maximum referred to in sections 357 and 365(3) of the Income and Corporation Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. Relief for interest (home loans)

That provision may be made about relief for interest paid in relation to any land, caravan or house-boat used or to be used as an only or main residence.

19. Relief for interest (home improvements)

That—

(1) In relation to payments of interest made on or after 6th April 1988 section 355 of the Income and Corporation Taxes Act 1988 (limitations on relief for loans for purchase or improvement of land etc.) shall have effect with the insertion of the following subsections after subsection (2)—

“(2A) Section 354 shall not apply by virtue of subsection (1) (a) above where the interest is paid on a home improvement loan unless the loan was made before 6th April 1988.

(2B) In subsection (2A) above “home improvement loan” means—

(a) a loan to defray money applied in improving or developing land or buildings on land, otherwise than by the erection of a new building (which is not part of an existing residence) on land which immediately before the improvement or development began had no building on it, or

(b) a loan replacing (whether directly or indirectly) a loan within paragraph (a) above.

(2C) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of subsection (2A) above to have been made before that date.”

(2) In relation to payments of interest made on or after 6th April 1988 section 356 of that Act (job-related accommodation) shall have effect with the insertion of the following subsection after subsection (1)—

“(1A) Subsection (1) above shall not apply where the interest is paid on a home improvement loan (as defined in section 355 (2B)) unless the loan was made before 6th April 1988; and section 355 (2C) shall have effect for the purposes of this subsection as for those of section 355 (2A).”

(3) Interest paid by a housing association on a home improvement loan made on or after 6th April 1988 shall not be relevant loan interest for the purposes of Part IX of that Act; and for the purposes of this paragraph—

(a) “housing association” means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489,

(b) “home improvement loan” has the same meaning as in subsection (2B) of section 355 of that Act, and

(c) subsection (2C) of that section shall have effect as it does for the purposes of subsection (2A) of that section.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

20. Relief for interest (dependent relative's residence)

That—

(1) In sections 355(1) (a) and 357(2) (a) of the Income and Corporation Taxes Act 1988 the words "or of a dependent relative or former or separated spouse of his," shall not have effect in relation to payments of interest made on or after 6th April 1988.

(2) Paragraph (1) above shall not apply where the interest is paid on a loan made before 6th April 1988 if interest paid on it at a relevant time was eligible for relief under section 353 of that Act only because the land, caravan or house-boat concerned was used as the only or main residence of the same dependent relative or former or separated spouse.

(3) In paragraph (2) above "relevant time" means—

(a) the last time when interest was paid on the loan before 6th April 1988, or

(b) if no interest was paid on it before that date, any time within the period of 12 months (or any longer period substituted in relation to the case under section 355(2) of that Act) after the date on which the loan was made;

but sub-paragraph (b) above shall not apply if at any time after the date on which the loan was made and before the date on which the land, caravan or house-boat was first used as mentioned in paragraph (2) above, the land, caravan or house-boat was used for any other purpose.

(4) In section 358(4) (a) of that Act (relief where borrower deceased) the words "or of any dependent relative of the deceased" shall not have effect in relation to payments of interest made on or after 6th April 1988 unless—

(a) the deceased died before that date, and

(b) the land, caravan or house-boat was used as the only or main residence of the dependent relative before that date.

(5) Where it is proved by written evidence that a loan made on or after 6th April 1988 was made in pursuance of an offer made by the lender before that date and that the offer either was in writing or was evidenced by a note or memorandum made by the lender before that date, the loan shall be deemed for the purposes of this Resolution to have been made before that date.

(6) Interest paid by a housing association shall not be relevant loan interest for the purposes of Part IX of that Act where by virtue of this Resolution it would not be relevant loan interest if paid by a member of the association; and in this paragraph "housing association" means a housing association for the time being approved for the purposes of section 488 of that Act or a self-build society for the time being approved for the purposes of section 489.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

21. Benefits in kind (cars)

That—

(1) For the year 1988–89 and subsequent years of assessment, Schedule 6 to the Income and Corporation Taxes Act 1988 (taxation of directors and others in respect of cars) shall have effect with substitution for Part I (tables of flat rate cash equivalents) of the following—

PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

TABLE A

Cars with an original market value up to £19,250 and having a cylinder capacity

Cylinder capacity of car in cubic centimetres	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
1400 or less	£1,050	£700
More than 1400 but not more than 2000	£1,400	£940
More than 2000	£2,200	£1,450

TABLE B

Cars with an original market value up to £19,250 and not having a cylinder capacity

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £6,000	£1,050	£700
£6,000 or more but less than £8,500	£1,400	£940
£8,500 or more but not more than £19,250	£2,200	£1,450

TABLE C

Cars with an original market value of more than £19,250

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£2,900	£1,940
More than £29,000	£4,600	£3,060

(2) This Resolution shall not require any change to be made in the amounts deductible or repayable under section 203 of the Income and Corporation Taxes Act 1988 (pay as you earn) before 15th June 1988.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.



22. Woodlands

That provision may be made about the commercial occupation of woodlands.

23. Business expansion scheme

That provision may be made amending Chapter III of Part VII of the Income and Corporation Taxes Act 1988 and the corresponding enactments repealed by that Act.

24. Payments on termination of employment, etc.

That provision may be made abolishing relief under paragraphs 4 to 7 of Schedule 11 to the Income and Corporation Taxes Act 1988.

25. Oil licences

That provision may be made with respect to the application of—

- (a) the Capital Gains Tax Act 1979 and any enactment which falls to be construed as one with that Act,
- (b) certain provisions of the Capital Allowances Act 1968, and
- (c) section 55 of and Schedules 13 and 14 to the Finance Act 1986 (capital allowances in respect of mineral extraction),

in relation to certain disposals (including part disposals) of licences under the Petroleum (Production) Act 1934 and the Petroleum (Production) Act (Northern Ireland) 1964, being disposals occurring before as well as after the passing of this Resolution.

26. Company residence and migration

That charges to corporation tax may be imposed by provisions for determining whether or not a company is to be regarded as resident in the United Kingdom, and provisions relating to companies ceasing to be resident there.

27. Charities

That, for the year 1988–89 and subsequent years of assessment, section 202(7) of the Income and Corporation Taxes Act 1988 (which limits to £120 the deductions attracting relief) shall have effect with the substitution of “£240” for “£120”.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

28. Entertainment expenses

That provision may be made repealing section 577(2) of the Income and Corporation Taxes Act 1988.

29. Premiums for leases, etc.

That provision may be made abolishing relief under Schedule 2 to the Income and Corporation Taxes Act 1988.

30. Underwriters

That provision (including provision for the years 1985–86, 1986–87 and 1987–88) may be made about underwriters.

31. Foreign public revenue dividends.

That provision may be made about dividends payable out of any public revenue, within the meaning of Part III of the Income and Corporation Taxes Act 1988, other than the public revenue of the United Kingdom.

32. Employee share acquisitions

That provision (including retrospective provision) may be made about the acquisition of shares or interests in shares by directors or employees (or prospective or former directors or employees).

33. Capital allowances

That provision may be made with respect to allowances under the Capital Allowances Act 1968 or Chapter I of Part III of the Finance Act 1971.

34. Capital gains tax (rates)

That provision may be made about the rates at which capital gains tax is chargeable and for related purposes.

35. Capital gains (assets held on 31st March 1982)

That provision may be made as to the taxation of capital gains and losses on the disposal of assets acquired on or before 31st March 1982, and as to related matters.

36. Capital gains (married couples)

That provision may be made about chargeable gains of husbands and wives.

37. Capital gains (annual exempt amount)

That provision may be made as to the operation of section 5 of the Capital Gains Tax Act 1979 for the year 1988–89.

38. Capital gains (dependent relative's residence)

That provision may be made removing the relief given by section 105 of the Capital Gains Tax Act 1979.

39. Capital gains (indexation)

That provision (including provision having retrospective effect) may be made removing indexation allowance in the case of shares in building societies and industrial and provident societies and of certain disposals by companies of shares in, or debts owed by, members of the same group of companies or associated companies.

40. Transfers within a group

That provision may be made excluding certain cases from the operation of section 273 of the Income and Corporation Taxes Act 1970.

41. Personal equity plans

That provision may be made enabling regulations under section 149D of the Capital Gains Tax Act 1979 to secure, in relation to disposals on or after 18th January 1988, that losses are in certain circumstances disregarded for the purposes of capital gains tax.

42. Investment trusts

That provision may be made amending the definition of "investment trust" in the Income and Corporation Taxes Act 1988 and treating section 93(6) of the Finance Act 1972 as not having been repealed.

43. Assessment procedure

That provision may be made about assessments relating to income arising in the year for which the assessments are made.

44. Oil allowance

That provision may be made reducing the oil allowance under section 8 of the Oil Taxation Act 1975 in respect of certain oil fields.

45. Stamp duty (abolition of capital duty)

That the following provisions shall have effect for the period beginning with 22nd March 1988 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) The stamp duties chargeable by virtue of section 47 of the Finance Act 1973 and Article 8 of the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973 (stamp duties on documents relating to chargeable transactions of capital companies) are abolished; and accordingly—

(a) that section, section 48 of that Act and Schedule 19 to that Act; and

(b) that Article, Article 9 of that Order and Schedule 2 to that Order,

shall cease to have effect.

(2) Paragraph (1) above shall have effect in relation to—

(a) any transaction occurring on or after 22nd March 1988;

(b) any transaction occurring on or after 16th March 1988 in respect of which the relevant document is not stamped before 22nd March 1988;

(c) any exempt transaction occurring before 22nd March 1988 in respect of which a relevant event occurs on or after 22nd March 1988; and

(d) any exempt transaction occurring before 16th March 1988 in respect of which a relevant event occurs on or after 16th March 1988 and the relevant duty is not paid before 22nd March 1988.

(3) For the purposes of section 14(4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force—

(a) in a case falling within paragraph (2)(b) above, at the time of execution of the relevant document; or

(b) in a case falling within paragraph (2)(d) above, on the date on which the relevant event occurs,

shall be deemed to be that as varied in accordance with this Resolution.

(4) In this Resolution—

“exempt transaction” means a transaction which is exempt by virtue of paragraph 10(1) of Schedule 19 to the Finance Act 1973;

“relevant document” has the meaning given by section 47 of that Act;

“relevant duty” means the duty payable under paragraph 10(4) of Schedule 19 to that Act;

“relevant event” means such an event as is mentioned in paragraph 10(3)(a) or (b) of Schedule 19 to that Act,

and any reference in this paragraph to section 47 of or Schedule 19 to that Act includes a reference to Article 8 of or Schedule 2 to the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

46. Stamp duty (abolition of unit trust instrument duty)

That the following provisions shall have effect for the period beginning with 22nd March 1988 and ending 31 days after the earliest of the dates mentioned in section 50 (2) of the Finance Act 1973—

(1) The stamp duty chargeable by virtue of the heading in Schedule 1 to the Stamp Act 1891 “Unit Trust Instrument” is abolished; and accordingly that heading and the following enactments, namely—

- (a) section 53 of the Finance Act 1946;
- (b) section 24 of the Finance (No. 2) Act (Northern Ireland) 1946;
- (c) section 30 of the Finance Act 1962; and
- (d) section 3 of the Finance Act (Northern Ireland) 1962,

shall cease to have effect.

(2) Paragraph (1) above shall have effect in relation to—

- (a) any trust instrument executed on or after 22nd March 1988;
- (b) any trust instrument executed on or after 16th March 1988 which is not stamped before 22nd March 1988;
- (c) any property becoming trust property on or after 22nd March 1988; and
- (d) any property becoming trust property on or after 16th March 1988 in respect of which the trust instrument is not stamped before 22nd March 1988.

(3) For the purposes of section 14 (4) of the Stamp Act 1891 (instruments not to be given in evidence etc. unless stamped in accordance with the law in force at the time of execution), the law in force—

- (a) at the time of execution of a trust instrument falling within paragraph (2) (b) above; or
- (b) on the day on which property falling within paragraph (2) (d) above becomes trust property,

shall be deemed to be that as varied in accordance with this Resolution.

(4) In this Resolution “trust instrument” and “trust property” have the meanings given by section 57 of the Finance Act 1946 or section 28 of the Finance (No. 2) Act (Northern Ireland) 1946.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

47. Stamp duty (paired shares)

That provision (including provision having retrospective effect) may be made with respect to stamp duty in cases where shares in a company incorporated in the United Kingdom and shares in a company not so incorporated may not be transferred except in units each comprising one share in each company.

48. Stamp duty reserve tax

That charges to stamp duty reserve tax may be imposed by provisions (including provisions having retrospective effect) relating to that tax.

49. Relief from tax (incidental and consequential charges)

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) which may arise from provisions designed in general to afford relief from tax.

PROCEDURE RESOLUTION

That, notwithstanding anything to the contrary in the practice of the House relating to matters which may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

- (a) provisions about the taxation of persons who are or have been married,
- (b) provisions about the application of Chapter I of Part VII of the Income and Corporation Taxes Act 1988 to individuals not resident in the United Kingdom,
- (c) provisions about relief under section 259 of that Act,
- (d) provisions reducing the percentages specified in sections 266(5)(a) and 274(3)(a) of, and paragraph 3(3)(a) of Schedule 14 to, that Act, and
- (e) provisions amending the Taxes Management Act 1970.

FINANCE (No. 2) BILL [MONEY]: *Queen's Recommendation signified*

That, for the purposes of any Act resulting from the Finance (No. 2) Bill, it is expedient to authorise the making out of money provided by Parliament of payments to General Commissioners acting for divisions in Northern Ireland and payments to or in respect of clerks and assistant clerks to such Commissioners.

BUDGET SECRET—BUDGET LIST ONLY

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11 March 1988

BUDGET SECRET—BUDGET LIST ONLY

