

Leach's Tax Dictionary: Preface

General scope

The tax dictionary lists terms that may be encountered by tax practitioners and by those who work in adjacent disciplines.

For some terms that are very specialist or particularly complex, the dictionary entry is restricted to indicating the source in tax law where the term is used.

Similarly, where a meaning is obvious but is still defined in tax law, the source is identified without any further attempt to define the term.

For a few terms, the entry is followed by a box containing a quotation from a case or other authoritative source where it is believed that this will add to the understanding of the term.

Terms for all taxes levied in the UK are included. The dictionary also includes a few notes on taxes levied in other countries. These mainly relate to Europe and the USA.

The dictionary also lists relevant abbreviations.

Both tax and adjacent disciplines move so quickly that this dictionary will probably never be in a final state. It will always be work in progress. The dictionary is constantly being updated with new versions periodically produced.

Adjacent disciplines

Because tax does not exist in isolation, the dictionary includes terms from adjacent disciplines where this could assist the reader.

Because tax computations must comply with accounting standards, all financial accounting and some management accounting terms are included. The dictionary includes both UK and international accounting standards, and includes relevant UK and international auditing standards.

Many terms have also been included relevant to banking, human resources, insurance, investment, legal tender, national minimum wage, pensions and social security.

Many legal terms have been included, particularly for agency law, company law, Customs law, employment law and insolvency law. These are in addition to general legal terms, including Latin expressions. The inclusion of a statement in Latin with English translation does not

necessarily mean that the statement represents current and correct UK law.

Where relevant, some terms have been included from commercial law, criminal law, family law, property law and other branches of law. Terms from Scots law are included.

Where it may assist tax practitioners, a few terms have been included from remoter disciplines, such as advocacy, business management, computing, economics, engineering, environment, geography, logic, mathematics, philosophy, politics, postal services, psychology, science, statistics, telecommunications, transport and weights and measures.

Ordinary terms

In addition to defining tax terms, the dictionary lists many ordinary terms, such as **car** and **water**.

The dictionary then explains the tax provisions that apply to the item listed.

Nature of work

This text is a dictionary and not a tax guide nor a detailed book of tax law. Its function is to define and, in some instances, explain terms. Entries in this book should not be regarded as definitive nor as exhaustive explanations of the law. Many definitions indicate sources where further information can be found.

The text does not list court cases, with a few limited exceptions where cases have assumed such importance in tax that their names may be regarded as tax vocabulary.

Equally the book does not generally list individuals, companies or publications. Again exceptions are made where the name has become widely noted. For example, brief notes are included on all recent Chancellors of the Exchequer, prime ministers and governors of the Bank of England. In addition, the text lists some individuals who have made contributions to developing policy or thinking in relevant areas.

With over 500 tax cases each year, it is not possible to include every judicial comment on the meaning of a term. Therefore comments from cases are restricted to the few instances where they provide definitive guidance or usefully clarify a term.

Most of the terms in the book relate to current taxes, including recently repealed provisions and old provisions that can still apply in current situations. There are a few historic notes on taxes and tax provisions that are now repealed. This can help understand historic documents and sometimes help to understand current provisions. Such historic information is not always easy to obtain.

Conventions used

Throughout the book, terms printed in **bold type** in an entry refer to other entries in the dictionary which may assist the user in understanding the original entry. The other form may be in a different word form, such as a plural or different verb form.

Terms printed in italics refer to parts of the entry which the author wishes to emphasise to the reader.

All bold and italic type is editorial unless stated otherwise.

Where there are statutory or other authoritative definitions, these are reproduced where this is considered likely to assist the reader. However it should be realised that a text of this size cannot be exhaustive in this matter.

Some terms in tax are of obvious use in a particular area and have therefore been excluded. For example, no value is seen in listing all the places where terms such as “relevant amount” or “appointed day” are used in tax law.

Terms are listed in alphabetical order, ignoring where words end. So **accounting standards** appears before **account of estate**. Among other reasons, this avoids problems with terms like **cashflow** which are variously used as one word and two words.

Abbreviations are included in the main text on the same basis. For alphabetical order, numbers are regarded as standing before the alphabet, except that terms starting with a number are listed at the end of the book after Z. Signs such as / and hyphens are ignored for determining alphabetical order. A few terms using non-English alphabets are given at the very end of the dictionary.

Where an entry becomes long because of many tax provisions, it is broken up under sub-headings.

Sometimes notes on the correct use of the word are added to the end of an entry.

Authoritative sources

Verbatim quotes from authoritative sources are indicated by “speech marks”. Quotations within quotations are indicated by ‘single speech marks’ regardless of how they were punctuated in the original.

In quotations, words in square brackets do not appear in the original text but have been added so that the extract is grammatical and makes sense. Conversely, irrelevant parts of a quote are excluded and indicated by an ellipsis Both of these practices have been kept to a minimum.

Quoting legislation

Acts of Parliament are quoted extensively, such as Income Tax Act 2007. The main Act comprises sections indicated as Income Tax Act 2007 s14. The name of the Act is always given in full.

Numbers in brackets indicate sub-sections, such as Income Tax Act 2007 s504(1).

After the sections, Acts may have Schedules divided into paragraphs. These are indicated as Income Tax Act 2007 Sch 2 para 89(1).

The inclusion of a capital letter or letters in a section, sub-section, Schedule or para indicates that this has been subsequently added by another Act. For example: Income Tax Act 2007 s564M was added by Taxation (International and Other Provisions) Act 2010 s365 and Sch 2 para 14. For recent additions, the dictionary often also lists the Act which added the provisions.

A statutory instrument (SIs) is a form of secondary legislation which broadly has the same force of law as an Act of Parliament. These are quoted in the form SI 2003 No 2682.

Scottish Statutory Instruments are issued by the Scottish Parliament. They are designated as SSI and otherwise follow the conventions of SIs.

Where text is quoted from an Act, SI or SSI, it appears in the form as may have been amended by the operative date of this text as indicated in the page heading.

The tax authorities produce statements of practice in the form SP1/06. That means the first such statement produced in 2006. They also produce extra-statutory concessions in the form C16.

The dictionary also quotes from **Inspector's Manuals**, published by HMRC. From 2015, HMRC referred to new manuals as Tax Manuals. However, we have continued to use the term Inspector's Manual for publications before 2015.

There are many types of tax notices and leaflets, Briefs that deal with specific issues. These and other forms of guidance are included as appropriate.

It should be appreciated that Inspectors' Manuals, HMRC notices, leaflets and Tax Briefs represent HMRC's opinion of tax law. They are not definitive statements of law. It is possible that a court or tribunal may decide that HMRC's opinion is not correct or not to be preferred.

Some terms are taken from publications and websites of authoritative bodies.

Many details of tax are resolved in hearings in the courts or tribunals. These **tax cases** are indicated by the names of the parties and the year the case was heard as in *Furniss v Dawson*

[1984].

Tax cases can have one or more citation. For court cases, there is now a standardised citation. The High Court is EWHC; Court of Appeal EWCA and House of Lords UKHL. From 1 October 2009, the Supreme Court replaces the House of Lords as the final court. Its citation is SC. Citations from other law reports are included. Citations include *The Times* law reports.

Traditionally the year of the law report is indicated in square brackets, such as [1932].

Inland Revenue (HMRC from 2005) authorises its own series of law reports indicated as a number, TC and another number. For example, *Guest Keen & Nettlefolds Ltd v Fowler* [1910] 5 TC 511, means a case brought by Guest Keen & Nettlefolds Ltd against Mr Fowler. The case was heard in 1910. It is listed in the Inland Revenue case reports volume 5 starting on page 511.

Decisions of tax tribunals are indicated as TC followed by a number, such as TC 2625. The numbers run sequentially from 1 when the tribunals were established in 2009.

Previous decisions are indicated as SpC for Special Commissioners' decisions between 1995 and 2009, and VTD for VAT Tribunal Decisions from 1973 to 2009. Other tribunals are indicated by having their name written in full.

Accounting standards

Accounting standards in the UK from 1 January 2015 take the form of Financial Reporting Standards numbered FRS 100 and upwards. The main standard is FRS 102. The vocabulary from these standards is included in the dictionary.

Previous standards were issued by the Accounting Standards Board from 1990 in the form of Financial Reporting Standards 1 to 30. Previously standards were issued by the Accounting Standards Committee from 1971. These were known as Statements of Standard Accounting Practice (SSAPs). Although FRS 1 to 30 and SSAPs cease to be applicable for accounting periods from 1 January 2015, many definitions from them are retained as they provide assistance for older accounts and can also usefully provide complementary guidance to current standards.

Separately, there are International Accounting Standards (IFRSs and IASs) produced by the International Accounting Standards Board, which are also quoted.

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Concluding remarks

A book of this nature is constantly changing. Indeed the scope for what should be included seems almost endless. For this reason, the dictionary is constantly being expanded, updated and amended. The text of the dictionary should therefore be regarded as provisional rather than final.

Any comments about how the dictionary or any of its entries can be expanded, amended or corrected are welcome. Please send them directly to the author at robert.leach04@googlemail.com.

It has to be said that neither the author nor Tax Training Ltd can accept any responsibility for any error or misstatement contained in the text, nor for any consequential loss. Use of this dictionary is no substitute for obtaining professional advice.

I have enjoyed compiling this dictionary. I hope that this dictionary will prove useful to my fellow tax accountants and other users.

*Robert Leach FCCA ACA
Epsom, June 2016*

L

L

Tax code

Suffix for a **tax code** which indicates that the taxpayer is entitled to the basic personal allowance. Before 1990/91, this was known as the *lower* personal allowance (hence the letter) to distinguish it from the higher allowance paid to married men and single mothers.

Company cars

Before 6 April 2011, the P11D code for a company car that had a diesel engine that met the Euro IV standard.
From 6 April 2011, all diesel cars have the code D.

National insurance

National insurance contribution letter for employees in contracted out pension schemes who can defer their national insurance because they are paying it in another employment. This letter ceases to be used from 6 April 2016.

Vehicle excise duty

Rate band for vehicles with emissions between 226 and 255 gm/km.

Other meanings

- (1) For embedded derivatives, the sum of debits, as defined in Corporation Tax Act 2009 s669(3).
- (2) Roman numeral for 50.
- (3) Symbol for a pound money, though this is now usually rendered in the stylised form £.
- (4) Lessor, as used in Income Tax Act 2007 s614AA(1).
- (5) Left (side).
- (6) Figure used to calculate the tax reduction for non-deductible costs of a dwelling-related loan, as given in Income Tax (Trading and Other Income) Act 2005 s274A(3).

LE

Abbreviation: Lebanese pound.

LS

Abbreviation: Liberian dollar.

LA	Levy allowance.
LAA	Legal Aid Agency.
laari	One hundredth of a rufiyaa, currency of Maldives.
label	<p>For VAT, a label is an item of stationery and is generally standard-rated unless ancillary to a supply taxed at a different rate.</p> <p>The VAT tribunal has ruled that an adhesive label containing text is not zero-rated as a leaflet.</p>
laboratory equipment	<p>For VAT on charity funded equipment, “includes equipment ... that is designed for use in a laboratory, such as test tubes and other laboratory glassware; Bunsen burners; fume cupboards; microtomes; cryostats; laboratory benches; specialised sinks and catchpots.</p> <p>“The following are not laboratory equipment:</p> <ul style="list-style-type: none">• ordinary cupboards, lockers, seats and other furniture, even when these are used to equip a laboratory;• bulk materials such as liquids, powders, sheets, pellets, granules;• general purpose items to equip a laboratory; <p>and</p> <ul style="list-style-type: none">• consumables such as chemical reagents, medicines, and cleansing and sterilising fluids” <p>(VAT notice 701/6).</p>
Labor Day	Legal holiday in USA and parts of Canada, celebrated on the first Monday in September.
labore et honore	Latin: by labour and honour.
labor improbus	Latin: persistent or dogged labour.
labour	In management accounting, the cost of employment engaged in producing a product or service of the organisation.
labourer is worthy of his hire	Quote from Luke 10:7 in the Bible, and seen as the doctrinal justification for paying workers.

Labour Day	Public celebration of labour, usually held on 1 May. In the USA, it is held on the first Monday in September.
labour exchange	Office where job vacancies are advertised to the unemployed. They are usually run by the state. In the UK, Labour exchanges existed from 1902 to 2002, when replaced by Jobcentres .
Labour party	Political party formed in 1906 from existing bodies to represent workers in trade unions. It first formed a government in 1924.
laches	Old legal term for negligence or delay in enforcing a legal right.
lacuna	Gap. The term is particularly used for an eventuality not covered by law.
ladder	Any sequence of steps, such as a pay scale.
laddering	In investment, the allocation of shares in an initial public offering to subscribers who agree to pay a higher price once the issue is public.
ladder option	Option in which the strike price can be raised if certain conditions are met, such as the original strike price being reached.
Lady	Title used by certain women, such as the wife of a lord or knight.
Lady Day	Quarter day on 25 March. This is based on the Christian festival of the annunciation to the Virgin Mary that she would give birth to Jesus. It is therefore nine months before Christmas .
Lady Godiva	Patroness who famously rode naked through the streets of Coventry in 1040. Her husband Leofric, Earl of Mercia, imposed exactions on his tenants which she urged him to remove. He agreed to do so if she rode naked through the town. She did so and he removed the exactions.

lady-help	Old term for a paid female servant who was treated almost as a family member.
LAEF	Lifetime allowance enhancement factor. In relation to pension contributions, this abbreviation is used in the formula in Finance Act 2004 s218(4).
lag	The delay between cause and effect, such as the time taken for a tax increase to create additional revenue. The opposite is a lead .
lagan	Wreckage or goods from a ship that sink, as against flotsam and jetsam which floats.
LAGB	Linguistics Association of Great Britain.
lagging indicator	Economic indicators that follow after the trend has already been recognised.
lagniappe	Gratuity above the expected amount. The term is American Spanish.
laissez faire	French: let alone. Principle of allowing events to look after themselves without interference. The term is particularly used for a government that does not intervene in economic matters.
LAK	ISO code for Laotian kip.
lamb-ale	Beer and other festivities traditionally provided by a farmer when the lambing season has finished.
lambda	The Greek letter λ or (as a capital) Λ . It denotes the number 30 or 30,000.
lambert	Unit of brightness equal to one lumen per square centimetre.
Lammas	Festival of the wheat harvest, celebrated on 1 August. Before 1991, it was one of the four old Scottish term days .
Lamont, Norman	Scottish-born Conservative politician (1942-) who was Chancellor of the Exchequer from 28 November 1990 to

27 May 1993 in the government of John Major. He was Chancellor when Britain was forced out of the exchange rate mechanism. Lamont made no secret that he welcomed this. He abolished some minor taxes and reduced the rate of income tax.

land

Definition

Area of the earth's surface.

Legally this "includes building and other structures, land covered with water, and any estate, interest, easement, servitude or right in or over land" (Interpretation Act 1978 Sch 1).

For taxation of insurance companies means "any estate, interest or rights in or over land" (Income and Corporation Taxes Act 1988 s432AA(6)).

Legal provisions

There are many special legal provisions relating to land:

- a trust for land must have a trust corporation or at least two individuals as trustees; it may not have more than four trustees;
- a trust for land must be written; it cannot be oral as can other trusts;
- ownership of land means ownership of everything under and over it, though there are some special provisions. Therefore a building is owned by the person who owns the land, though that person may grant a lease or licence to another person;
- two people cannot own the same piece of land though a trust can. Many couples are trustees of land without realising this.

Accounting

In accounting, land is never depreciated, though the buildings on land are. Land and buildings must be periodically revalued, usually every three years.

Corporation tax

The corporation tax provisions for transactions in land are set out in Corporation Tax Act 2009 from s815.

Stamp duty

For stamp duty land tax, most acquisitions and some other transactions in land attract the tax

Minerals

Dumping material on land can attract a liability to **landfill tax** or **aggregates levy**.

Value added tax

For VAT, a licence to occupy land is exempt. The treatment for other supplies involving land depends on the nature of the supply.

Income tax

For income tax, income from property (such as rent) is taxable income, subject to some exceptions such as **rent-a-room**.

Commercial occupation of land is taxed as a trade (Income Tax (Trading And Other Income) Act 2005s10) except for woodlands.

For inheritance tax, if land is sold within three years of death for a lower price than at death, that lower price may be substituted for the original valuation, provided it was the best reasonably obtainable price. If some land is sold at a profit and some at a loss, the profits and losses are netted off for this purpose.

Meaning in relation to aircraft

Bring an aircraft back to the ground.

For Customs purposes, this has the same definition as **landing**.

land and building transaction tax (LBTT)

Tax charged in Scotland from April 2015 instead of stamp duty land tax.

The tax is charged under the provisions of the Land and Building Transaction Tax (Scotland) Act 2013 which was passed by the Scottish Parliament under devolved powers of Scotland Act 2012.

land agent

Person who administers a large area of land, such as a farm, on behalf of its owner.

land disposals tax (LDT)

Tax introduced in Wales from 2018 as a replacement for landfill tax.

landed cost	Cost of imported goods which includes all costs of delivery to port, unloading and passing through Customs.
Landeszcentralbank	Regional divisions of the Bundesbank in Germany.
landfill	<p>“A site for the deposit of waste onto or into land where the site is:</p> <ul style="list-style-type: none">(a) a waste disposal site, or(b) used for the storage of waste” <p>(Waste and Emissions Trading Act 2003 s22(1)).</p>
landfill allowance	Maximum amount of biodegradable waste which a local authority allows to be sent to landfill for disposal (Waste and Emissions Trading Act 2003 s4).
landfill cell expenditure	<p>Expenditure on preparing a cell at a landfill site to receive waste.</p> <p>As such cells typically last for less than two years, such expenditure is regarded as revenue and not capital (Inspectors' Manual at BIM 67516).</p>
landfill tax	<p>Tax introduced on 1 October 1996 to discourage the dumping of waste materials in landfill sites and to promote recycling of waste materials. It complements environmental laws to regulate dumping of waste.</p> <p>The legislation is Finance Act 1996 ss39-71. This is supplemented by Landfill Tax Regulations SI 1996 No 1527. The statutory and regulatory provisions have been amended and supplemented. A series of guidance leaflets has been produced.</p> <p>The tax is charged at a rate per tonne on waste material deposited on or under the land.</p> <p>There is a low rate for inert waste. This was £2 a tonne in 1996, increased to £2.50 from 1 April 2008. There is a higher standard rate which was £7 a tonne in 1996 and has increased to many times that figure in subsequent years.</p> <p>There are many exceptions, such as for site restoration. There are also many forms of waste material that are exempt, such as water and naturally occurring materials.</p> <p>A landfill site operator must register with HMRC and operate the tax. This is usually paid quarterly. The administration of the scheme is similar to that used for</p>

VAT.

A credit may be claimed if waste material is removed from a site for recycling or incineration. There is also a system whereby site operators may be able to claim a remission from their landfill tax in respect of donations to environmental bodies.

landfill void

Space created to receive waste at a landfill site. This needs to be determined to calculate the tax for **landfill whole site expenditure**.

landfill whole site expenditure

Expenditure on a landfill site so that it can receive material for many years. Such expenditure is regarded as expenditure to the extent that the void is filled during the accounting period (Inspectors' Manual at BIM 67516).

Such expenditure is allowed under Corporation Tax Act 2009 s142 or Income Tax (Trading And Other Income) Act 2005s165.

land law

Provisions, some ancient, governing legal rights about land.

landing

For Customs purposes, "in relation to aircraft, include[s] landing on water" (Customs and Excise Management Act 1979 s1(1)).

landing charges

Payment for getting goods from a ship or aircraft on to land, including through Customs.

landing order

Permit which allows goods to be unloaded into a bonded warehouse without paying Customs duty.

land-interest

Collective interests of those who own land.

landlady

Female **landlord**.

landline duty

Tax announced in the March 2010 Budget to fund greater broadband access. It was repealed in the June 2010 following a change of government.

landlord

Person or business who owns property to be let.

landlord's property tax Old name for Schedule A income tax.

land reflecting development value

For the purpose of capital gains tax on land acquired before 6 April 1965, there are provisions in Taxation of Capital Gains Act 1992 Sch 2 Part II.

land register

List of plots of land indicating the owner of each.

land registration

A record, held by the Land Registry, which lists the registered owner of a plot and whether there are any legal charges upon it.

land registration

Main law is Land Registration Act 2002.

land registry

Continues under Land Registration Act 2002 s99.

land remediation relief

Scheme that allows 150% tax relief of the cost of cleaning up contaminated land acquired from a third party. The scheme started on 1 April 2009.

Details of the relief are discussed in the Inspectors' Manual from CIRD 60051.

Details of the allowability is discussed in the Inspector's Manual at BIM 45799.

Land Rover

Rugged vehicle usually regarded as a car for tax purposes.



In a case, it was held that a Land Rover Discovery 4 (pictured above) remained a company car, even when the boot and back seat had been adapted to accommodate tools. The vehicle has been constructed as a car and therefore remained a taxable benefit as one, even though adaptations meant it could no longer be used as one (*Timothy Jones. TC 1958 [2012]*).

landscape	In computing, the orientation of a page so that the longer side is horizontal. The alternative is called portait.
Lands Clauses Acts	“Means— (a) in relation to England and Wales, the Lands Clauses Consolidation Act 1845 and the Lands Clauses Consolidation Acts Amendment Act 1860, and any Acts for the time being in force amending those Acts; (b) in relation to Scotland, the Lands Clauses Consolidation (Scotland) Act 1845 and the Lands Clauses Consolidation Acts Amendment Act 1860, and any Acts for the time being in force amending those Acts; (c) in relation to Northern Ireland, the enactments defined as such by section 46(1) of the Interpretation Act (Northern Ireland) 1954.” (Interpretation Act 1978 Sch 1).
landside	Any area outside the Customs controlled boundary of an airport. The other side is airside .
landsskattur	National tax on income in Faroe Islands. It comes within the scope of the UK/Faroes Double Taxation Convention.
Landsturm	German term for a general levy imposed during a state of emergency.
Landtag	Legislative assembly of a German state.
Land tax	(1688-1949) Introduced by William and Mary to replace revenues of hearth tax. It was a revival of earlier forms of land tax, but assessed on a town basis. (Many histories say land tax was introduced in 1692, though clearly enacted in a 1688 statute.) This was the first serious attempt at a tax based on the principal of “ability to pay”.
lands tribunal	Tribunal that has power to determine questions relating to land. If the value of land is disputed for capital gains tax or inheritance tax purposes, the matter may be resolved by the lands tribunal.
land tax	Tax and owning land and the right to receive tithes . It was first charged in 1693. By the 20 th century, the tax had reduced considerably in yield as many land-owners exercised their right to “redeem” their tax liability by

making a single payment equal to 25 years' tax. The tax was completely abolished in 1963.

land taxes

Temporary tax on land imposed only in 1671.

Land Transaction Tax (LTT)

Tax introduced in Wales from 2018 as a replacement for stamp duty land tax.

land-use planning system

The name for the planning system in the UK introduced on 1 January 1949 under the Town and Country Planning Act 1947. The relevant law is now Town and Country Planning Act 1990 as amended, particularly by Planning and Compulsory Purchase Act 2004.

land value tax

Tax on the unimproved value of land. Such taxes have been implemented in China, Estonia, Russia and Singapore. An attempt was made to introduce such a tax in the UK in 1909. A leading exponent of the tax was **Henry George** (USA, 1839-1897).

The term is used in Finance Act 1931 s28 (still in force) in relation to stamp duty payable on documents to transfer land.

landward licence

In relation to oil and gas companies, "means a licence in respect of an area which falls within the definition of "landward area" in the regulations pursuant to which the licence was applied" (Corporation Tax Act 2010 s356BA(3)).

language requirements

Under company law, the requirements relating to the language in which documents must be submitted to Companies House (Companies Act 2006 s1102).

The general requirement is that documents must be in English. Welsh companies may be submitted in Welsh with an English translation. Documents may be submitted in other languages but only if accompanied by a certified translation.

Lansbury, George

English Labour politician (1859-1940) who was leader of the Labour party from 25 October 1932 to 8 October 1935.

Laos	Indo-Chinese state. Its currency is the kip of 100 att. The UK has no double taxation treaty.
LAPR	Life assurance premium relief.
la propriété c'est le vol	French: property is theft (Quote from Prodhou).
lapse	Expire by inactivity during the passing of time. An example is the termination of an insurance policy due to non-payment of premiums.
lapsed option	Option which was not taken up and has now expired and become worthless.
lapsed policy	A policy terminated for non-payment of premiums.
laptop	Portable computer with the same power and capability as a desktop system, but which can run for a short time on rechargeable batteries.
larceny	Old legal term for theft.
lares et penates	Latin: household goods.
la reyne le vault	Normal French: the queen wills it. Words of Royal Assent .
Large Business Service Large Case Management Board	Board of HMRC. Its composition and function is set out in HMRC Notice of 20 December 2013.
large cap	Informal term for investee companies with a large capitalised value, such as companies in the FT-SE 100 index.
large company	For corporation tax, this means a company that must pay its tax in four instalments because its taxable profits either exceeded the upper limit in the previous year or exceeded £10 million in the current year.
large employer	In relation to electronic payment of PAYE "means an employer treated as paying PAYE income to 250 or more employees at a specified date" (PAYE regulations SI 2003 No 2682 reg 198A(1)).

large goods vehicle (LGV)	Vehicle which weighs more than 3,500 kilograms. Such vehicles are category C1 up to 7,500 kilograms and category C above 7,500 kilograms. There are some exceptions where holders of an ordinary car licence may drive such a vehicle.
large letter	Scale of postal rates for packages between C5 and C4 size.
large pack	For beer duty , a container in size greater than 10 litres and up to 400 litres. Most kegs and casks come within this scope. Customs notice 226 sets out the procedure for determining the quantity of such packs.
large partnership condition	In relation to the taxation of corporate partners in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357WA(3).
large raised reservoir	Term defined in Reservoirs Act 1975 sA1 as introduced by Flood and Water Management Act 2010 Sch 4.
larger business	In relation to a supply relationship with a small business , “means a person carrying on one or more businesses who — (a) is not a small business, (b) has a place of business in the United Kingdom, and (c) is not a public authority” (Enterprise Act 2016 s3(11)).
larger charity	Broadly, a charity whose gross income exceeds £500,000 (Charities Act 2011 s144). Such a charity is subject to a stricter audit.
large vehicle	A vehicle which weighs more than 3.5 kilograms and has a trailer weighing up to 750 kilograms. This is category C on the driving licence. A driver must generally be aged 21 to obtain a licence for this category.
large shop	In relation to Sunday working, “means a shop which has a relevant floor area exceeding 280 square metres” (Employment Rights Act 1996 s43ZB).

largesse	Generosity in the form of bestowing gifts.
laria	Currency of Georgia, former state of USSR.
last	Old term for a cargo, or a weight approximately equal to 4000 pounds. [The word has other meanings.]
last accounts filing period	<p>In relation to enterprise investment scheme, "means the last period for filing (within the meaning of section 442 of the Companies Act 2006) for the issuing company which ends before the date on which the relevant shares are issued" (Income Tax Act 2007 s175A as inserted by Finance (No 2) Act Sch 5).</p> <p>The same definition is used for venture capital trusts in Income Tax Act 2007 s280C(9) as inserted by Finance (No 2) Act 2015 Sch 6.</p>
last annual accounts	<p>The accounts that were last circulated to its members either in full or in summary form (Companies Act 2006 s837(1)).</p> <p>A company must generally be able to justify a distribution from those accounts.</p>
last in, first out (LIFO)	<p>Method of stock valuation which assumes that a stock item sold is the last to be bought.</p> <p>So if a company has three widgets in stock which cost it £3, £4 and £5 respectively, and it sells one, LIFO assumes that the £5 one is sold. (It matters not whether the item shipped was actually the last one to be acquired.) The remaining stock is therefore valued at £7.</p> <p>Using LIFO reduces profit and reduces stock values and is therefore generally not acceptable for financial accounting or tax purposes.</p> <p>In general the accepted method is first in first out (FIFO). Under this method, it would be assumed that the £3 widget had been sold first, and the remaining stock is valued at £9 (that is £4 plus £5).</p>
lasting power of attorney (LPA)	Arrangement made by an individual who is 18 and has mental capacity, that appoints a person to act for the individual should he or she lose their mental capacity. Such a power became available from 1 October 2007 under Mental Capacity Act 2005. This replaces the

previous **enduring power of attorney (EPA)**, though existing EPAs remain effective.

The two main types of LPA are **property and affairs LPA** and **personal welfare LPA**.

last notice day	Final day on which notices of intent are issued for delivery on a futures contract.
last quarter	Final three months of a year.
last trading day	Last day for trading a particular option or futures contract for a particular delivery or expiry.
last will and testimony	Final document prepared by someone during their life in which they state how their property should pass on their death.
Latakia	Syrian form of tobacco.
late	(1) Arriving after the time expected. (2) Dead.
late accounting date rules	Income tax rules that apply if an accounting date ends between 31 March and 4 April. They broadly treat the accounting date as if it were 5 April, so that there is no overlap period . The rules are given in Income Tax (Trading and Other Income) Act 2005 from s208.
late charge	Charge imposed by a lender for late payment by a borrower.
late entrant	Individual who joins a pension scheme after the date by which he should have joined.
late night working	There is not a taxable benefit in kind if an employer pays for transport home after occasional light night working, as set out in Income Tax (Earnings And Pensions) Act 2003 s248.
latent allowance	Amount by which the written down value of a fixed asset for tax purposes exceeds the net book value in the balance sheet. Under Finance Act 2010 s26 and Sch26 and other

law, the latent allowance of an acquired company may not be allowable against the tax liability of an acquiring company. This provision is an anti-avoidance measure to prevent companies reducing taxes by acquiring loss making companies.

latent ambiguity

Word or expression which proves to have more than one meaning, as against a **patent ambiguity**.

An example of a latent ambiguity is where a will leaves a bequest to "my nephew John" when the testator has two nephews called John. In general, a latent ambiguity may be resolved by external evidence, such as a letter to John.

latent image

Image that can only be seen under abnormal conditions, such as when photographed, photocopied or viewed under ultra-violet light. Latent images are used as security features. Many official documents, bank notes, and the £1 coin issued from 2017 incorporate latent images.

late payment fee

Charge made by a credit card company for being late with a repayment.

late registration penalty

A penalty HM Customs and Excise may impose when a business does not register for VAT on time, when the registration threshold is reached.

later accessory

In the context of taxing company cars, a **qualifying accessory** which was not available when the car was first made available to the employee, was made available from 1 August 1993 and has a price of at least £100 (Income Tax (Earnings And Pensions) Act 2003 s126(3)).

late reported trade

In investing, term used by a stock exchange to denote that a trade was not reported as required by exchange rules.

later tax calculation currency

"The tax calculation currency of the company in the accounting period in which the loss arises" (Corporation Tax Act 2010 s12(3)).

later years provider

Provider of services for children from the age of five (Childcare Act 2006 s96(7)).

late stamping	For stamp duty, stamping a document after the due date. This includes stamping the document for insufficient amount and then further stamping the document. Late stamping may attract interest and penalties under Stamp Act 1891 s15A and s15B respectively.
latet anguis in herba	Latin: there is a snake in the grass.
late trading	In investment, trading after the relevant exchange has closed for the day.
Latin	Language spoken in ancient Rome and still used for many expressions in English, and for many legal terms.
lats	Currency of Latvia before it adopted the euro.
Latvia	East European state that is a member of the European Union. Its currency is the euro of 100 cents. The UK has a double taxation agreement of 1996.
launder	Process of taking dirty money , such as from criminal activity, and making it appear clean.
laurel	Gold coin worth 20 shillings minted between 1619 and 1625.
laus Deo	Latin: praise God.
law	Rules by which everyone is bound.
Law, Andrew Bonar	Canadian-born Conservative politician (1858-1923) who was prime minister from 23 October 1922 to 22 May 1923.
law agent	Scottish term for a solicitor .
law lords	Members of the House of Lords appointed to hear legal appeals.
law merchant	Legally enforceable practices of merchants until subsumed into the common law in the 18 th century.
law of supply and demand	Fundamental rule of how the market economy works, namely that prices rise when the demand for an item

starts to exceed its supply, but that encourages other suppliers to offer the item and thus reduce the price again.

law of that member state	Term defined in Value Added Tax 1994 s92(1).
law of the vital few	Term sometimes used for Pareto principle .
law officer of the Crown	“The Attorney General or for the purpose of criminal proceedings in Scotland, the Lord Advocate or, for the purpose of civil proceedings in Scotland, the appropriate Law Officer within the meaning of section 4A of the Crown Suits (Scotland) Act 1857n or in Northern Ireland the Attorney General for Northern Ireland” (Customs and Excise Management Act 1979 s1(1)).
Laws in Wales Acts	Series of laws passed between 1535 and 1542 under Henry VIII that absorbed Welsh law into English law. These laws had been passed from 1282, though English common law applied in Wales. The changes mainly related to administrative matters.
Law Soc Gazette	Law Society's Gazette.
Law Society	Body that licenses solicitors in the UK.
Law Society Regulation Board	Part of the Law Society that once regulated solicitors. Since 29 January 2007, this task has passed to the Solicitors Regulation Authority .
Lawson, Nigel	Conservative politician (1932-) who was Chancellor of the Exchequer from 11 June 1983 to 26 October 1989 in the government of Margaret Thatcher. His long tenure led to the Lawson Boom followed by a recession in 1990. He abolished many minor taxes, replaced capital transfer tax with inheritance tax and reduced the basic rate of income tax.
Lawson Boom	Economic boom of the late 1980s attributed to chancellor Nigel Lawson . It saw unemployment reduce, the budget move into surplus and the pound shadowing the deutschmark at £1 = 3DM. It was followed by a recession in 1990.

lay	Not ordained.
lay-day	A day allowed for loading or unloading cargo.
lay down	Provide as a deposit, or as security for a loan.
Layfield Report	Government report published in 1976 on local authority financing.
lay justices' allowances	Amounts paid to magistrates for discharging their duties. The allowance has three elements: <ul style="list-style-type: none">• travelling allowance;• subsistence allowance; and• financial loss allowance. (Courts Act 2003 s15(1)).
layman	Anyone not in holy orders. By extension, the term is used to mean someone not in a particular profession.
lay off	(1) Temporarily cease to employ someone. (2) To hedge a bet.
lay rector	Landowner who is liable to repair the chancel of a Church of England building.
lay subsidies	Important revenue-raising taxes of the 12th and 13th centuries, widely used to fund crusades.
lb	Pound weight.
LBG	Lloyd's Banking Group.
LBM	London Bullion Market.
LBMA	London Bullion Markets Association.
LBO	Leveraged buyout.
LBP	ISO code for Lebanese pound.
LBTT	Land and Buildings Transaction Tax.
LBTT(S) Act 2013	Land and Buildings Transaction Tax (Scotland) Act 2013. This abbreviation is given in Revenue Scotland and

Tax Powers Act 2014 s252.

LC	(1) Lord Chancellor. (2) Local compliance.
L/C	Letter of credit.
LCE	London Community Exchange.
LCH	London Clearing House.
LCH.Clearnet Ltd	<p>Company that provided clearing services for London International Financial Futures and Options Market (LIFFE).</p> <p>For stamp duty and stamp duty reserve tax purposes, it was a recognised clearing house under SI 2009 No 1828. The company ceased to provide the service for LIFFE in 2013. The recognition was therefore withdrawn from 10 November 2015.</p>
LCJ	Lord Chief Justice.
LCL	Less than a container load.
LCM	(1) Lower of cost or market. (2) Legislative Consent Motion, a procedure of the Scottish Parliament.
LCP	Local Clearance Procedure. This is a simplified procedure involving pre-shipment notification to the Customs Handling of Import and Export Freight (CHIEF) system, and entry in commercial records. A subsequent submission of a supplementary declaration to CHIEF is required within a specified period.
LD	Abbreviation: Libyan dinar.
LDC	Least developed country. (It sometimes is taken to mean less or lesser developed country.)
LDF	Liechtenstein Disclosure Facility.

LDT	(1) Land disposals tax (2) Licensed deposit taker.
Le	Abbreviation: leone, currency of Sierra Leone.
lead	(1) In marketing, a potential customer. (2) In statistics, when an effect happens before the cause, such as spending pay increases before they are received. The opposite is a lag .
lead agent	One member of a Professional Group who works on a local Working Together Steering Group (WTSG) with HMRC to discuss tax issues.
lead case	Case that is selected to establish a point of law when more than one case has been started on that point. The other cases are stayed (or sisted in Scotland) until the lead case is determined. The rules permitting this are set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 18.
leading and principal object	For stamp duty, a provision that a document is not stamped more than once if second or subsequent transactions are merely incidental to the main object.
leading counsel	Barrister who has overall supervision for the conduct of a client's case.
leading indicator	Economic indicator which tends to predict changes in the economy that are not yet obvious.
leading question	Question that is phrased so as to suggest the answer. In court, such questions are generally prohibited in examining a witness, but not in cross-examination.
lead manager	Person who organises a syndicate to underwrite a new issue of shares.
lead time	Time between placing an order and receiving the goods.
lead underwriter	Underwriting business which organises the underwriting of a share issue.

leader (1) Person who is in charge of a team.
(2) Product which is a business's main or best-selling item.
(3) Main opinion piece in a magazine or newspaper.

leaflet Document that may be zero-rated for VAT under Value Added Tax Act 1994 Sch 8 Group 3.

VAT notice 701/10 identifies these characters of a zero-rated leaflet:

- no larger than A4 page size when folded
- intended for reading rather than display
- conveys information
- not part of a larger work
- supplied in at least 50 copies for distribution
- printed on limp paper
- either is intended to be thrown away after

reading or

accompanies a product or service.

league Nautical measure equal to three miles.

leap year Year which has a 366th day of 29 February. A leap year is also known as a **bissextile**.

This happens every fourth year, except for centuries (that are not leap years), except for every 400th year (that is a leap year). This is set out in Calendar (New Style) Act 1750 s2 with effect from 1752.

When a tax year ends in a leap year, **week 53** has two days instead of the usual one.

Learn About VAT menu Assistance offered by HMRC to businesses that are newly registered for VAT. The assistance comprises a one-to-one consultation with a VAT advisor, an introducing video or a seminar with a question and answer session.

Learning and Skills Council (LSC)

Public body formed in April 2001 to provide young people with business skills. It was formed under Learning and Skills Act 2000 when it replaced 72 **Training and Enterprise Councils (TECs)** and the Further Education Funding Council for Britain.

In April 2009, it was replaced by **Young Peoples Learning Agency** and the Skills Funding Agency.

learned society	The VAT position is explained in VAT leaflet 701/5.
Learning Together	Series of events organised by HMRC where their staff can meet tax agents and advisers to discuss matters of mutual concern.
leas-Chéad Aire	Irish Gaelic: deputy First Minister, of Northern Ireland Executive.

lease

Definition

Contract where someone pays a sum to hire property or to occupy land for a defined period.

For anti-avoidance provisions, a form of definition is given in Corporation Tax Act 2009 s937.

Accounting

For assets, a lease is either an **operating lease** or a **finance lease**.

An operating lease is a simple hire, usually for a short period. The asset is not included as a fixed asset on the lessee's balance sheet, and the lease payments are shown as expenses in the profit and loss account.

A finance lease [amend] is accounted as a means of acquiring a fixed asset. The asset is included with fixed assets on the balance sheet and depreciated in the normal way. The lease payments are treated as a reduction in a long-term liability.

Capital Allowances Act 2001 s70YA contains a provision relating to a change of accounting standards for lease. It broadly requires the lease to be determined for tax purposes under the old standard.

Taxation

For land and buildings, a lease is treated as a fixed asset.

A scope-limited definition is that a lease —
“(a) in relation to land, includes an underlease, sublease, tenancy or licence, and any agreement for a lease, underlease, sublease, tenancy or licence and, in the case of land outside the United Kingdom, any interest corresponding to a lease as so defined, and
(b) in relation to any form of property or right other than land, means any kind of agreement or arrangement under which payments are made for the use of, or otherwise in respect of, an asset” (IA 2007 s614DG).

For overseas property businesses, a definition is given in Income Tax (Trading and Other Income) Act 2005 s364(1).

A distinction is made for a **short-term lease**. This is broadly one that has an **effective duration** of up to 50 years. The effective duration is determined in accordance with Corporation Tax Act 2009 s243.

Capital allowances in relation to land

"In relation to land, [the term] includes —

- (a) an underlease, sublease or any tenancy,
- (b) in England and Wales or Northern Ireland, an agreement for a lease, underlease, sublease or tenancy,
- (c) in Scotland, an agreement (including missives of let not constituting a lease) under which a lease, sublease or tenancy is to be executed,
- (d) in the case of land situated outside the United Kingdom, any interest corresponding to a lease as so defined"

(Capital Allowances Act 2001 s70YI(1)).

Capital gains tax

The capital gains tax provisions are set out in Taxation of Capital Gains Act 1992 from s240.

leaseback

A method of raising finance in which an organization sells its land or buildings to an investor (usually an insurance company) on condition that the investor will lease the property back to the organization for a fixed term at an agreed rental. This releases capital for the organization, enabling it to be used for other purposes.

leased asset

From 1 April 2006, the capital allowance for a leased asset is generally claimed by the lessee rather than the lessor, unless either the lease is for less than five years, or the lease is an operating lease for less than seven years.

leased car

Lessee

From 1/6 April 2009, a company may claim 85% of the cost of leasing a car that does not have low emissions. The whole cost may be claimed for a car that does have low emissions.

Before 1/6 April 2009, a company could claim the cost less a deduction calculated as:

$$\frac{\pounds 12,000 + \text{RP}}{2 \times \text{RP}}$$

where RP is the retail price of the car when new (Corporation Tax Act 2009 s56).

The figure of £12,000 was £8,000 before 11 March 1992.

Lessor

From 1/6 April 2009, the lessor claims a **capital allowance** according to the emission of the car.

Previously, the lessor could claim a writing down allowance up to the following maxima:

From	Maximum WDA
11 March 1992	£3,000
13 June 1979	£2,000
7 April 1976	£1,250
27 October 1970	£1,000

leased trading assets

From April 2010, these are subject to some anti-avoidance rules set out in Income Tax Act 2007 from s681C and Corporation Tax Act 2009 from s863.

lease for life

A lease that is granted for the remainder of a person's lifetime, after which the lease or other property interest passes to another person.

Such leases are often created in wills where they create an **interest in possession** trust. The inheritance tax consequences are set out in Inheritance Tax Act 1984 ss49-50.

There was once a special provision for stamp duty for such leases.

lease granted at undervalue

Corporation tax provisions are given in Corporation Tax Act 2009 s222.

leasehold

Method of owning property to a predetermined date. Once that date has been reached, the property reverts to the original owner.

leasehold land

Land held under a lease. The land will eventually revert to the freehold owner, although there has been some statutory modification of this right to repossession (e.g. in

the Rent Acts). This is the most common way for blocks of offices to be owned. The landlord maintains possession of the common parts and creates separate leases for each office. The ownership of each office may subsequently change as leases are assigned.

leasehold valuation tribunal	Body which values leaseholds.
leaseholder	Person who holds the lease on property.
lease incentives	“Incentives provided by the lessor to the lessee to enter into a new or renew an operating lease. Examples of such incentives include up-front cash payments to the lessee, the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvement costs and costs associated with pre-existing lease commitments of the lessee), or initial periods of the lease provided by the lessor rent-free or at a reduced cost” (FRS 102 glossary).
lease payments test	Test for finance leases set out in Capital Allowances Act 2001 s70 O.
lease premium	<p>Payment to secure a lease.</p> <p>Its tax treatment is given in Corporation Tax Act 2009 s136.</p> <p>Corporation Tax Act 2009 s217 deals with amounts to be treated as receipts. Income Tax (Trading and Other Income) Act 2005 from s276 deals with income tax provisions.</p> <p>The term “includes any similar sum payable to the immediate or a superior landlord or to a person connected with such a person” (Corporation Tax Act 2009 s247(1)).</p>
lease purchase	<p>Arrangement in which a person leases an asset for a primary period during which the lessor recoups the capital cost of the asset. After this, the lessee has the option to buy the asset, usually for a nominal sum.</p> <p>For tax purposes, it is treated in exactly the same manner as a hire purchase agreement.</p>
lease term	“The non-cancellable period for which the lessee has contracted to lease the asset together with any further

terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the **inception of the lease** it is reasonably certain that the lessee will exercise the option" (FRS 102 glossary).

leasing

Definition

Hiring equipment, such as a car or a piece of machinery, to avoid the capital cost involved in owning it. In some companies it is advantageous to use capital for other purposes and to lease some equipment, paying for the hire out of income. The equipment is then an asset of the leasing company rather than the lessor. Sometimes a case can be made for leasing rather than purchasing, on the grounds that some equipment quickly becomes obsolete.

Accounting

Leasing transactions should be accounted for in accordance with IAS 17, FRSSE or SSAP 21.

Taxation

Under statement of practice SP3/91, accounts prepared in accordance with SSAP 21 are acceptable for tax purposes, even though they did not accord with previous accounting tax practice (in that the lessee was not the legal owner).

Anti-avoidance provisions in relation to leasing plant and machinery are given in Corporation Tax Act 2009 from s887.

Capital allowances

Provisions for capital allowances for assets provided by the lessee are given in Capital Allowances Act 2001 from s70.

In relation to overseas leasing, the term "includes letting a ship or aircraft on charter or letting any other other asset on hire, and... references to a lease include a sub-lease (and references to a lessor or lessee are to be read accordingly)" (Capital Allowances Act 2001 s105(1)).

leasing agreement

Contract for lease land or property.

leasing arrangements

In relation to anti-avoidance, the term is defined in Corporation Tax Act 2009 s937.

leasing change	<p>Change to accounting standards in relation to leasing standards (IAS 17, FRSSE or SSAP 21) from 1 January 2011 (Finance Act 2011 s53).</p> <p>The tax implications for leases are that they should be accounted for if such a change had not been made.</p>
leasing of ships	<p>Activity which excludes a company from the scope of EIS relief or venture capital trusts. It is defined for this purpose in Income Tax Act 2007 s194 (EIS) and s305 (VCT).</p>
leasing provisions	<p>“In relation to a lease of an asset, means —</p> <ul style="list-style-type: none">(a) the lease,(b) any arrangements relating to or connected with the lease, and(c) any other arrangements of which the lease forms a part” <p>(Income Tax Act 2007 s614DG).</p>
least developed country (LDC)	<p>Country that benefits from the general scheme of preferences (Customs notice 830). A list of such countries is given in appendix C to the notice.</p>
least restriction principle	<p>In relation to mental health: “people taking action without a patient’s consent must attempt to keep to a minimum the restrictions they impose on the patient’s liberty, having regard to the purpose for which the restrictions are imposed” (Code of Practice: Mental Health Act 1983 article 1.3).</p>
leave	<p>(1) Finish a period of work at a particular place or for a particular employment.</p> <p>(2) Period of authorised absence from work.</p>
leave travel	<p>Travel by a member of the armed forces while on leave.</p> <p>The provision of facilities for such travel is exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s296.</p>
Lebanon	<p>Middle East state. Its currency is the Lebanese pound of 100 piastres. The UK has no double taxation treaty but has an air transport profits agreement of 1963.</p>

Lebanese pound	Currency of Lebanon.
LEC	(1) Local Export Control. For Customs purposes, this allows exporters and freight forwarders who regularly export goods, to have their consignments cleared at their own inland premises without having to present normal pre-shipment documents at the UK port of loading or office of exit. (2) Low emissions certificate.
LECD	Landelijk Expertise Centrum Diversiteit. National Expertise Centre for Diversity, Netherlands.
ledger	Record of transactions outside the double-entry bookkeeping system (apart from the nominal ledger) but needed for other purposes, such as a sales ledger to identify who owes you money. A ledger is usually a memorandum account.
ledger sheet	Pre-printed form for use in a stationery system for recording details of a ledger.
lee	Side of a ship opposite to that where the wind is blowing.
lees	Dregs in a wine bottle.
leet	Old division of land in East Anglia for tax and governance purposes.
left-handed oath	Colloquialism for an oath that is not intended to be binding.
leg	In investment, term that denotes one side of a position. The term is often used when a trader has a position on an outcome and then "legs" that position to get a better return if the opposite outcome happens. The term is also used to mean any kind of support, such as a line or argument in support of a proposition.
legacy	Gift of cash or other personal property in a will.

legacy cash	Term used to denote values of domestic currency held by countries when they changed to using the euro .
legacy duty	One of the death duties . It was charged under Legacy Duty Act 1796 and was repealed by Finance Act 1949 s27 from 30 July 1949. The equivalent tax is now inheritance tax .
legal	Either pertaining to the law, or permitted by law.
legal activity	Term used in Legal Services Act 2007 s12(2) to mean any legal activity including giving advice and assistance, and providing representation.
legal charge	<p>Claim on property, such as when a mortgage is secured on land.</p> <p>The charge is evidence by a legal document held at the Land Registry. This identifies who has a claim on the property. For a mortgage, the main lender is normally be identified as the first charge. There may be other charges registered.</p>
legal claim	Statement that someone legally owes something.
legal costs	<p>Expenses incurred in asserting a legal right or defending a claim from someone else.</p> <p>Whether such expenses are tax-deductible can be marginal. A leading case is <i>Spofforth & Prince v Golder [1945] 26TC310</i> which is discussed in the Inspectors' Manual at BIM37955.</p>
legal currency	Money which may be legally spent in a country.
legal date of redemption	Date by which a mortgage must be repaid.
legal entity	<p>A legal person; the body to whom the funds belong.</p> <p>In relation to people with significant control, the term means "a body corporate or a firm that is a legal person under the law by which it is governed" (Companies Act 2006 s790C(5)).</p>
legal estate	Estate of land recognised by the courts.

legal expenses	Costs and other expenses from participating in a legal action.
legal expenses insurance	Insurance against legal expenses either in bringing or defending a claim whether or not the matter goes to court.
legal fiction	Any assumption which the law knows not to be true but which it allows to be accepted for convenience. An example is the rule of commorientes .
legal form	Representing a transaction to reflect its legal status, which might not be the same as its economic form.
Legal Hub	On-line legal source provided by Sweet & Maxwell. It provides directories of barristers, expert witness, in-house lawyers and similar information.
legal list	List of securities in which an institutional investor is allowed to invest.
legal notebook	Notebook, usually bound and with perforated pages, for use by lawyers.
legal obligation	<p>In accounting, an obligation that arises from a contract, legislation or other operation of law (FRS 12).</p> <p>FRS 102 section 2.20 gives it as one of the two types of obligation that creates a liability. The other is constructive obligation.</p>
legal or other representative	“In relation to a party to proceedings, means any person exercising a right of audience or right to conduct the proceedings on his behalf” (Tribunals, Courts and Enforcement Act 2007 s29(6)).
legal person	Entity recognised by law but which is not a natural person (a living human being). A limited company is a legal person. It is sometimes known by the Latin name “persona ficta”.
legal personality	<p>Status of a body to be regarded in law as an identity comparable to a human person.</p> <p>Examples include limited companies, corporations, local authorities, and clubs. Such a legal person can sue,</p>

be used, make contracts, incur debt and own property.

legal privilege

The absolute right of confidentiality in advice from a lawyer to a client.

In relation to seizure of goods, the term is defined in Criminal Justice and Police Act 2001 s65.

Company law contains a similar protection in Companies Act 2006 s1129.

legal proceedings

In relation to the trading relationship between a **small business** and a **larger business**, "means civil or criminal proceedings in or before a court or tribunal" (Enterprise Act 2016 s13).

legal professional privilege (LPP)

Another term for **legal privilege**.

legal relations

Requirement of a contract that the parties intended to be bound by the law of contract.

Arrangements which appear to be domestic arrangements are usually excluded as contracts.

legal scrub

Colloquialism for the process of rewriting a document with a view to removing anything that could prompt a legal action.

Legal Services Board

Body corporate established under Legal Services Act 2007 s2 to promote the regulation, education and training in law.

legal tender

Definition

Notes and coins which comprise the legal **currency** of a country.

Legal tender has a very narrow and technical meaning in the settlement of [debts](#). It means that a debtor cannot successfully be sued for non-payment if he pays into court in legal tender. It does not mean that any ordinary transaction has to take place in legal tender or only within the amount denominated by the legislation. Both parties are free to agree to accept any form of payment whether legal tender or otherwise according to their wishes. In order to comply with the very strict rules governing an actual legal tender it is necessary, for example, actually to offer the exact amount due because no change can be demanded.

Royal Mint website.

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Scope

In England and Wales, legal tender comprises certain **banknotes** issued by the **Bank of England** and **coins** issued by the **Royal Mint**. There is no legal concept of legal tender in Scotland.

Banknotes which are legal tender comprise £5, £10, £20 and £50 notes which have yet to be **demonetised**.

Coins

Coins which are legal tender include both ordinary coinage and special coins for collectors (or **numismatists**). The full list of coins which are legal tender in England and Wales are:

- **Britannia** coins in gold and silver;
- **sovereigns, half-sovereigns**, and quarter and tenth sovereigns
 - £2 and £5 **gold coins** minted since 1838;
- **pound coins** and **two-pound coins**;
- **silver coins** for 5p, 10p, 20p and 50p;
- **copper coins** for 1p and 2p;
- **double florins** for 20p;
- commemorative **crowns**, £5 coins and £20 coins;
- **Maundy money**
- coins minted for 2012 Olympic Games.

Maximum value

Banknotes and £1 and £2 coins are legal tender to any value. Coins of lower **denomination** may only be used to a maximum amount, thus:

Denomination	Legal tender to
20p, 50p	£10
5p, 10p	£5
1p, 2p	20p

This prevents large amounts of small coins being offered as payment for a debt.

legatee

Someone who receives a **legacy**.

For capital gains tax, a definition appears in Taxation of Capital Gains Act 1992 s64.

For the **accrued income scheme**, the term “includes any person taking (whether beneficially or as trustee) —
(a) under a testamentary disposition, or
(b) on an intestacy or partial intestacy”
(Income Tax Act 2007 s636(4)).

legerdemain

Sleight of hand, trickery.

Leggatt Report

Report published in 2001 by Sir Andrew Leggatt into the functioning of tribunals. It led to provisions in Tribunals, Courts and Enforcement Act 2007 which sets up First Tier Tribunals and Upper Tier Tribunals.

Leghorn Cableseal wire seal

One of two official types of Customs seal. The other is the Acme T lock.

The Leghorn seal comprises a body and a wire. The body is painted aluminium with the legend “Customs GB”. This is attached to a steel wire 1mm in diameter and 180mm long.

Details of these seals are given in Customs notice 205.

Lehman Brothers

American financial services institution. It filed for bankruptcy on 15 September 2008 as the largest bankruptcy in US history. It is generally credited with triggering the worldwide banking crisis.

legislation

Written laws, as against **common law**.

legislative petitions and addresses

For postal services, this term is defined in Postal Services Act 2011 s32(2).

legitim

In Scots law, the rights a child has to a share of a parent's estate, regardless of what is in the will. The spouse has similar rights; the two together are called **legal rights**.

If the estate is insufficient to meet claims for legitim because of intended disposition to the spouse, the executors or judicial factor may choose whether inheritance tax is charged on the basis that the spouse's disposition is fully paid or is reduced by any legitim not renounced.

legitimacy	<p>State of being born in wedlock. All legal bars of illegitimacy have now been removed except that an illegitimate child cannot take an inherited title. For all other purposes, there is no longer any distinction between legitimate and illegitimate children.</p> <p>An illegitimate child may inherit property under Family Law Reform Act 1969.</p> <p>Until 1969, tax relief was not available for an illegitimate child unless the parents married (Finance (1909-1910) Act 1910 s68(1)).</p> <p>Legitimacy Act 1976 s1 makes a child legitimate if the parents subsequently marry.</p> <p>For tax purposes, legitimate and illegitimate children are treated the same.</p>
legitimise	Make legitimate.
Leicester Regeneration Co Ltd	Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).
Leigh-Pemberton, Robin	English banker (1927-) who was governor of the Bank of England from 1983 to 1993.
lek	Currency of Albania, comprising 100 qintars.
leke	Gold coin issued by Albania, that may be a gold investment coin for VAT purposes.
LEL	Lower earnings limit.
lemma	In mathematics, a premise taken for granted.
lempira	Currency of Honduras.
lend	Temporary transfer of possession, usually for no consideration.
lender of last resort	In economics, a function of a central bank to lend to a bank which cannot otherwise secure funds. In the UK, this function is discharged by the Bank of England.

lending activities	Term used in relation to the bank levy, for which purposes it is defined in Finance Act 2011 Sch 19 para 13(4)).
lending margin	Fixed margin that borrowers agree to pay above a stated interest rate.
lend-lease	Arrangement between USA and UK during the second world war. It was made in 1941.
Leninism	Political, economic and social principles and practices of Vladimir Lenin (1870-1924), in particular his theory of government by the proletariat.
Lennartz accounting	<p>System of record keeping for VAT when assets are acquired for both business and non-business use. This system may be used from 1 November 2007.</p> <p>A VAT-registered business may not reclaim input tax for a purchase unless it is to be used for a business. If an asset is to be used for both a business and non-business purpose, the purposes must be apportioned and input tax only claimed for the business element.</p> <p>Under Lennartz accounting, the whole input tax may be claimed, and the business may invoice itself for the non-business use.</p>
Lent	Period from Ash Wednesday to the day before Easter .
lent	(1) Past tense and past participle of lend . (2) Period of about six weeks between Ash Wednesday and Easter Eve.
leone	Currency of Sierra Leone.
leopard	Gold coin worth 3 shillings minted in the reign of Edward III.
leper	Someone who suffers from the illness of leprosy, and by extension any outcast from society. This latter definition is now deprecated.
leptokurtic	In statistics, description of a pointed distribution curve .

lepton	Small coin of ancient Greece, worth about 1/100 of a drachma.
le roy le vault	Normal French: the king wills it. Words of Royal Assent .
leru	Spanish nickname for the euro .
Leslie, Chris	English-born Labour politician (1972-) who was Shadow Chancellor between 11 May 2015 and 12 September 2015.
Lesotho	African country that is landlocked in South Africa. Its currency is the loti of 100 lisente, though the rand is also used. The UK has a double taxation convention of 1997.
lessee accounting	<p>The regime of accounting requirements for leases.</p> <p>Under SSAP 21, the main requirement is to distinguish between finances leases and operating leases. The former are accounted for exactly as for a hire purchase contract, with the leased asset included as fixed assets subject to depreciation. An operating lease is treated as an overhead of the business, charged to the profit and loss account.</p>
lessee	<p>Person who leases property from a lessor.</p> <p>The term "in relation to a lease, includes any person entitled to the lessee's interest under the lease" (Capital Allowances Act 2001 s70YI(1)).</p>
lessee's incremental borrowing rate	<p>"The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset" (FRS 102 glossary).</p>
less likely need	<p>For social security, a person whose situation is such that alternative payment arrangements need to be considered, but whose circumstances do not make them high likely need.</p> <p>Examples of someone who is <i>not</i> a less likely need may include a claimant:</p>

- without a bank account
- who has deduction orders in place
- who is a refugee or asylum seeker
- who has a history of rent arrears
- who was recently homeless or in care
- who has recently left prison
- who has a physical disability
- who does not understand English.

lessor

Person who leases property to a **lessee**.

“In relation to a lease of an asset, means (except in the expression “the lessor’s interest under the lease”) means the person entitled to the lessor’s interest under the lease” (ITA s614DG).

The term, “in relation to a **lease**, includes any person entitled to the lessor’s interest under the lease” (Capital Allowances Act 2001 s70YI(1)).

lessor accounting

How someone who leases goods accounts for them.

Under SSAP 21, this is generally the mirror image of the **lessee accounting**.

lessor company

Company that leases equipment. There are specific provisions in Corporation Tax Act 2010 Part 9 to stop their sale being used for tax avoidance purposes.

less than a container load (LCL)

Quantity of imported goods that is less than one full shipping container.

LCL is used to calculate the **VAT adjust figure** on the delivery element of the cost of imported goods.

Lester, Ed

Chief executive of Student Loan Company.

In January 2012, it was discovered that he was being paid through a private company he controlled and not through the payroll, thus saving him £40,000 a year in tax. The publicity following this led to HMRC publishing proposals that all **controlling persons** of an organisation must be on a PAYE payroll.

let

Allow someone the use of property for a period.

l' état, c'est moi

French: I am the state.

Famous saying of Louis XIV of France in 1655 when

the Parliament objected to the king's tax demands as being contrary to the interests of the state.

LETB

Local Education and Training Board.

letter

Definition

The term —

“(a) means any communication in written form on any kind of physical medium to be conveyed to the person or address indicated on the item itself or in its wrapping (excluding any book, catalogue, newspaper or periodical), and

(b) includes a postal packet containing any communication within paragraph (a)”
(Postal Services Act 2011 s65(1)).

Value added tax

For VAT, the sale of a letter or letters is usually standard-rated. If letters are bound into a book, they may be zero-rated under Value Added Tax Act 1994 Sch 8 Group 3 as explained in VAT notice 701/10.

If a letter qualifies as a **leaflet**, it may be zero-rated.

Character

Character representing one of the letters A to Z in the alphabet, as against numbers, points and other character.

Some tax provisions make reference to letters in this code, such as in determining a **tax code**.

letter-bomb

Explosive device sent by post, designed to explode when opened.

letter-book

Book in which letters, or copies of letters, are kept.

letter box

Box for receiving items sent by post.

letter-card

Card that is folded and gummed so that it can be sealed like a letter.

letter-clip

Device to keep letters together.

letterhead

Notepaper that has the name, address and other details of the sender preprinted, usually at the top.

letter of advice	Document from a merchant to a banker regarding a transaction in which they are both engaged.
letter of comfort	Letter from a holding company to a bank in respect of a loan to a subsidiary. The letter usually seeks specific assurances from the holding company.
letter of credit (L/C)	<p>Means of arranging payment, particularly in international trade.</p> <p>An L/C is arranged by the buyer's bank. It requires the bank to make payment when certain documents are presented to it by the seller. These are mainly shipping documents.</p>
letter of engagement	Letter sent by an auditor to a client outlining the rights and duties of the parties in the audit. Chartered Institute of Taxation produce standard letters of engagement for tax practitioners.
letter of indication	Letter from a bank requesting foreign banks to accept the bearer's circular notes.
letter of licence	Old term for a letter from a creditor allowing a debtor extra time to pay.
letter of renunciation	In a rights issue of shares, a letter sent with an allocation notice that allows the shareholder to indicate they do not wish to take up the rights issue. The shareholder may sometimes be able to sell the letter and the rights.
letter of representation	Letter required by auditors from the directors in which they provide factual information.
letter of weakness	<p>Term once used for a letter sent by an auditor to the directors (or equivalent) of an audited entity which sets out matters to which the directors should pay attention.</p> <p>The auditor's responsibility for such matters is now set out in International Standard on Auditing ISA 260 and 265.</p>
letter of wishes	<p>Document written to accompany a will.</p> <p>The document can explain why a person has chosen particular beneficiaries. Such a letter can avoid problems after death, such as if expectant beneficiaries find they</p>

	have been disinherited.
letters business	“Means a postal service which consists in the delivery of letters” (Postal Services Act 2011 s41(7)).
letters of administration	Legal appointment of an administrator for an intestate , someone who dies without leaving a will.
letters of guarantee	<p>Letter from a seller providing safeguards to the buyer, except for payment which is usually secured by a letter of credit.</p> <p>Types of letter include:</p> <ul style="list-style-type: none">• tender guarantee, that the seller will supply goods if offered a contract in accordance with a tender;• performance guarantee, that the goods or services will be satisfactory;• advance payment guarantee, that any advance payment made by the buyer will be used properly or repaid. <p>Letters of guarantee may also deal with compliance matters, such as ensuring compliance with local law and payment of taxes.</p>
letters patent	Formal written confirmation of a patent or privilege.
letter-stamp	Instrument for marking a postage stamp so as to cancel it.
letting agency	Business which deals with property which may be let.
letting condition	One of the conditions that must be met for the tax provisions of furnished holiday letting .
lettre de change	French: letter of credit.
Letwin, Oliver	English Conservative politician (1956-) who was Shadow Chancellor from 6 November 2003 to 10 May 2005.
leu	Currency of Romania, more accurately called the new leu.
lev	<p>Currency of Bulgaria. The plural is leva.</p> <p>Gold lev coins, from 1 to 20,000 leva, may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).</p>

leva	Plural of lev , currency of Bulgaria.
Levant	Eastern Mediterranean and its shores.
levanter	Someone who absconds without paying betting debts.
level	In finance, a term that denotes a continuing flat figure as against one which is rising, falling or varying.
level 1	In investment, basic information about shares, such as bid and offer prices, and the volume being traded.
level 2	In investment, detailed information about shares, such as details of specific bids.
level annuity	Annuity whose amount does not change for the period in payment. Such an annuity slowly loses value through inflation.
level basis	In insurance, a policy that has fixed premiums for a stated number of years and full pay-out at any point in that period. Such a policy can be used to insure the capital sum when a person has an interest-only mortgage.
level pension	<p>Pension which does not increase in amount to offset the effect of inflation. The opposite is an index-linked pension.</p> <p>A level pension slowly loses value because of inflation. This process is known as withering on the vine.</p>
level premium	Payments which do not change during the lifetime of the agreement, such as paying the same premium each month for an insurance policy.
level term insurance	A type of life insurance policy for a fixed term where the cover remains the same from the effective date until the expiration date. It is often advisable for such a policy to be written in trust for a beneficiary so it does not form part of a person's estate subject to inheritance tax.
leverage	American term for gearing.

leveraged buyout (LBO)	Buyout of a business where all or most of the funding is borrowed.
leverage on a warrant	In investing, measure of how much the value of a warrant will move in percentage terms against the underlying asset. It is calculated by multiplying the delta by the gearing.
leveransen noterar	Swedish: delivery note.
lever de rideau	French: curtain-raiser.
levy	Imposed tax, usually for a specific purpose. The original purpose was to pay for an army.
levy allowance (LA)	Amount that may be offset against a levy. The term particularly refers to the £15,000 LA for apprenticeship levy .
levy ceiling	Maximum amount of pension protection levy which may be charged in a year (Pensions Act 2004 s178).
levy free percentage	Percentage of cereal as calculated in accordance with Customs notice 39 under the Whisky Export Relief Scheme .
levying distress	The process of a bailiff seizing goods to sell.
lex Angliae sine Parlamento mutari non potest	Latin: the law of England cannot be changed except by Parliament.
lex domicilli	Latin: the law of a person's domicile.
lex fori	Latin: the law of the forum. The term refers to the procedures and formalities of the law according to the place.
lex loci contractus	Latin: the law of the place of performance.
lex mercatoris	Latin: mercantile law.

lex non cogit ad impossibilia

Latin: the law does not compel the impossible.

lex non requirit verificari quod apparet curiae

Latin: the law does not require that which is apparent to the court to be verified.

lex non scripta

Latin: the unwritten law. This is another term for **common law**.

lex posterior derogat priori

Latin: a later Act overrules an earlier one.

lex rei situs

Latin: the law of the situation of the thing.

lex scripta

Latin: the written law. This is another term for **statute law**.

lex situs

Latin: the law of the place. This means the law of the country which is relevant for determining the matter.

lex spectat naturae ordinem

Latin: the law has no regard to the order of nature.

LFT

Landfill tax. [The abbreviation is sometimes given as LfT.]

LGBT

Lesbian, gay, bisexual and transgender.

LGC

Laboratory of the Government Chemist.

LGR

Butterworth's Local Government Reports, a series of **law reports** published from 1997.

LHA

Local housing allowance.

liabilities

Obligations of an entity to transfer economic benefits as a result of past transactions or events. It is the opposite to **asset**.

There is a specific definition in relation to **net asset restriction** (Companies Act 2006 s831(3)).

liabilities amount

Total of a company's liabilities as shown in its balance sheet. In relation to distributions of a company being wound up, the term is defined in Corporation Tax Act 2010 s166(4).

- liability** Obligation to make a payment; the opposite to an **asset**.
“A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits” (FRS 102 glossary and section 2.15(b)).
Liabilities are defined as “an entity’s obligations to transfer economic benefits as a result of past transactions or events” (FRS 5 para 4).
- liability insurance** Insurance against having to pay compensation, court costs and legal expenses in respect of a legal liability.
- liability limitation agreement** “An agreement that purports to limit the amount of a liability owed to a company by its auditor in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of audit of accounts, of which the auditor may be guilty in relation to the company” (Companies Act 2006 s534(1)).
Unless such an agreement meets all the conditions set out in the Act, the agreement is void under s532.
The main conditions are that the agreement:
- is only for one financial year which must be stated,
 - does not include provisions which are prohibited under separate regulations,
 - does not inhibit competition,
 - is approved by ordinary resolution of members.
- The agreement does not have to specify an exact amount, nor contain a formula by which such amount may be calculated (ibid s535(4)).
- liability method** Method of calculating **deferred tax** on the basis of the rates of tax expected to apply when the timing difference reverses (SSAP 15).
- liability order** **Council tax**
Notice issued by a magistrates’ court confirming that a person is liable to pay council tax.
If the council can demonstrate that council tax is payable but has not been paid, the court *must* issue a liability order. The only defences are that the person is not liable, the council tax has been paid, or that the

council has not followed the proper procedure. A liability order may be issued while a claim for **council tax benefit** is being considered.

Once the council has the liability order, it may enforce it by distress, a **council tax attachment of earnings order**, deductions from **income support** or bankruptcy.

Rent

Order from a magistrates' court confirming that unpaid rent is owed . This allows the landlord to continue proceedings.

liar loan	Colloquial term for a loan provided on a self-certified basis to a person who may not tell the truth.
liberated member	Person who is the victim of pension liberation .
Liberian dollar	Currency of Liberia.
libel	Defamation in permanent recorded form. The costs and penalties of a libel action against a publication are generally allowable, are discussed in the Inspectors' Manual at BIM 38530. In other cases, costs and damages may fail the business purpose test.
Liber Albus	Latin: white book. Compilation of the laws of London, made in 1419.
Liberia	African state. Its currency is the Liberian dollar of 100 cents. The UK has no double taxation treaty.
liberty dollar	Legal currency issued in the USA but which is not legal tender.
liberty to apply	Right which a judge may give to either party in a case allowing them to return without needing to take out a new summons.
liberum tenementum	Latin: freehold or frank tenement.
Libid	London interbank bid rate.

LIBOR	<p>London interbank offered rate. This is widely used as a basis for determining almost all interest rates.</p> <p>For the purposes of calculating the capital allowance on the net present value of a lease, LIBOR “means the London interbank offered rate on the relevant day for deposits for a term of 12 months in the relevant currency” (Capital Allowances Act 2001 s228MB(4)).</p>
libra	<p>Roman pound. It is abbreviated to lb when meaning a pound in weight, and to £ when meaning a pound in money.</p>
library	<p>It is a criminal offence to bet or gamble in a library (Libraries Offences Act 1898 s2(3)).</p>
library service	<p>For VAT, a library service is not a zero-rated supply of books (<i>UU Bibliotech Ltd [2006] VTD 19764</i>).</p>
Libya	<p>North African state. Its currency is the Libyan dinar of 1,000 dirhams. The UK has a double taxation convention of 2008.</p>
LIC	<p>Local Import Control.</p>
licence	<p>(1) A paper or electronic document issued by the competent authority, authorizing and requiring the import or export of the goods specified and/or imposing other special requirements as necessary.</p> <p>(2) Right to occupy property without acquiring any ownership, such as when staying in a hotel room.</p>
licence-consideration swap	<p>Type of oil licence swap (Taxation of Capital Gains Act 1992 s195A).</p>
licence event	<p>In relation to oil and gas licences, this term is defined in Energy Act 2016 s30(3).</p>
licence fees	<p>A business established to receive licence fees is an excluded activity for venture capital trust purposes under Income Tax Act 2007 s306.</p>
licence year	<p>“In relation to an excise licence issuable annually, means the period of 12 months ending on the date on which that</p>

licence expires in any year" (Customs and Excise Management Act 1979 s1(1)).

licensable activities

Activities which require a local authority licence under Licensing Act 2003 s1.

These are the sale of alcohol, regulated entertainment and late night (11pm to 5am) sales of refreshments.

licensable body

Term used in Legal Services Act 2007 s72 to describe a body which may need a licence under that Act.

license

(1) In English, the *verb* as in "you are licensed". The noun is spelled *licence*.

(2) In American English, the noun or verb.

licensed deposit taker (LDT)

Body which is licensed to accept deposits from members of the public and to pay interest on those deposits. An LDT is a form of junior bank.

licensed family entertainment centre

"Premises in respect of which a **family entertainment centre premises licence** has effect" (Gambling Act 2005 s238).

licensed premises

Any premises that are licensed by the local authority under licensing laws.

licensed user

For hydrocarbon oil duty, "means an annual **rebate payment person** or a quarterly rebate payment person" (Hydrocarbon Oil Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

licensee

Person who is licensed.

licensing

Arrangement where a form of official permission is needed for an activity. Positive licensing is where a licence must first be obtained, such as to drive a car or sell alcoholic drink. Negative licence is where no licence needs to be obtained but where a person may be banned for misconduct, such as being a company director or keeping animals. Some licences, such as the television licence, are simply a tax.

licensing committee Body established by a local authority to grant licences (Licensing Act 2003 s6).

licensing hours order Order issued under Licensing Act 2003 s172 which permits licensed premises to remain open outside their licensed hours for the duration of a **celebration period**.

licit Lawful, allowable.

lickpenny Something that causes money to disappear, such as overlooked expenditure.

Liechtenstein Small European principality that is not part of the European Union, but is part of the European Economic Area.

Its currency is the Swiss franc of 100 rappen or centimes.

The UK has a double taxation convention and protocol of 2012.

The principality has been widely seen as a tax haven, leading to the **Liechtenstein Disclosure Facility**.

Liechtenstein Disclosure Facility (LDF)

Scheme agreed between the governments of the UK and Liechtenstein to enable financial intermediaries who operate in Liechtenstein to identify those who have a liability to UK income tax.

The scheme was intended to run from 1 September 2009 to 31 March 2015. In 2012, the latter date was put back one year to 31 March 2016.

lien Right one person may have over the goods of another, particularly under the common law.

A repairer has a lien which allows him to keep possession of the goods until his repair bill is paid. An innkeeper has a lien over a customer's luggage until his bill is paid.

lieu Place, stead. The word is usually restricted to the expression "in lieu of" meaning "instead of". The word is French for "place".

life annuity A contract that provides an income during the remaining lifetime of the purchaser.

life annuity loan Loan to buy an annuity.
Certain loans taken out before 9 March 1999 may attract tax relief under Income and Corporation Taxes Act 1988 s365.

life assurance

Definition

Life insurance which lasts to death and is therefore always payable.

The term has been judicially defined as “that in which one party agrees to pay a given sum upon the happening of a particular event contingent upon the duration of a human life” *Gould v Curtis*. CA [1913] 6 TC 293.

A claim for tax relief was refused when two directors insured each other's lives (*Wilson v Simpson*. KB [1926] 10 TC 753).

Law

Under Life Assurance Act 1774, a person may not insure the life of another unless the insured is named in the policy and there is an insurable interest in that person's life. Any policy issued contrary to these principles is void.

Stamp duty

Life assurance policies were subject to stamp duty before 1 January 1990.

Tax relief on premiums

Life assurance premium relief from income tax may be claimed for policies issued before 14 March 1984 to the extent that the premium does not exceed one sixth of total income or £1,500. Relief is given at these percentages:

~

Tax year from	Percentage tax relief
1988/89	12½%
1981/82	15%
1979/80	17½%

Life Assurance and Unit Trust Regulatory Organization (LAUTRO)

Body originally set up under Financial Services Act 1986 to regulate unit trusts and life assurance.

This recognition was revoked in June 1994 and the body ceased to exist. Since then those functions have been undertaken by the **Personal Investment Authority (PIA)**.

Life Assurance Consolidation Directive

EC directive 2002/83/EC of 5 November 2002.

life assurance part of the excess

Term used in Income and Corporation Taxes Act 1988 s444AC(2B) regarding the tax consequences of a transfer of annuity business.

life assurance premium relief (LAPR)

Income tax relief for insurance premiums paid on the life of the taxpayer or spouse provided the policy was written before 14 March 1984.

From 1988, relief is equal to 12½% of the premium (Income and Corporation Taxes Act 1988 s266).

life assurance provisions of the Corporation Tax Acts

Term is defined in Income and Corporation Taxes Act 1988 s431(2), although its meaning is obvious.

life assurance trade profits

Term used in Finance Act 1989 s89 in relation to taxation of life assurance companies.

lifeboat

Zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.

Lifeboats have been Royal National Lifeboat Institution (RNLI) zero-rated since VAT was introduced in 1973. The zero-rating has been extended thus:

1 May 1990: non-RNLI lifeboats, and slipways for lifeboats

1 April 1992: spare parts for lifeboats

1 April 2002: life-saving equipment on lifeboats

1 April 2006: fuel for a charity-operated lifeboat.

life cycle costing

Cost of a fixed asset viewed over its entire life, typically including acquisition and disposal costs. This method may

be used for purposes of evaluation.

life cycle funds

A form of **fund of funds** that aims to provide an extremely safe investment for retirement funds.

life expectancy

Number of years a person can expect to live, as determined by their age and sex, from life expectancy tables.

life expectancy tables

Tables indicating how long people are expected to live according to their sex and current age. They are also known as **actuarial tables** or **mortality tables**.

life imprisonment

Criminal punishment of imprisonment for the rest of a person's life. This is the only sentence for murder. It is an option for a first offence and sometimes mandatory for a second offence of arson, manslaughter, rape and malicious wounding. Despite the name, a person may be released on licence on the recommendation of the Parole Board after a minimum sentence, typically of 12 years.

life insurance

Insuring a person's life. Strictly speaking, life insurance is when someone dies and is therefore always payable eventually, whereas **life assurance** is only payable if someone dies by a certain date and is therefore not always payable. In practice, this distinction is not always made. Life assurance is now more commonly called **term insurance**.

Life insurance and assurance is subject to Life Assurance Act 1774 which prescribes that:

- no-one may insure a life unless they have an **insurable interest** (s1);
- the names of the person having such insurable interest must be stated on the policy (s2); and
- no-one may insure someone else's life for a sum greater than their insurable interest (s3).

There is a special inheritance tax provision for life insurance contracts made before 22 March 2006 (Inheritance Tax Act 1984 s46A).

life interest

Benefit a person can enjoy for the rest of their life but which they cannot pass on to anyone else. A life interest commonly arises when a will allows a person to continue living in a house but on their death, the property passes

to someone else.

life interest trust (LIT)

An **interest in possession trust** with one or more fixed interests in the income. A beneficiary who has an interest during his lifetime is often known as the **life tenant**.

The benefit of a life interest trust may be for a fixed period (eg ten years), for the beneficiary's lifetime, or may be **defeasible**, which means that the trustees may divert the income to a new beneficiary.

What happens on the death of the life tenant or earlier termination depends on what is in the trust deed. There are often **successive life interests**, or the life tenants may benefit absolutely (such as when the life tenant reaches the age of 25).

Under provisions of Finance Act 2006, LITs are taxed as **discretionary trusts** unless they have transitional serial interests, are for a disabled beneficiary or convey immediate post-death interests under a will.

life membership

For VAT, life membership of a club or association is treated on the same basis as the annual subscription unless additional benefits are provided that justify different treatment (VAT leaflet 701/5).

life of another

In insurance, description of a policy that one person takes out on the life of another. Legally, a person may insure the life of any other person to the extent that they would suffer financial loss on that person's death.

life peer

Person who has a peerage for the duration of his or her life, but where the peerage does not devolve on death, as for a **hereditary peer**. Life peerages were created by Life Peerages Act 1958.

life policy

Policy of life assurance. It is a form of property and may therefore be assigned to another person, such as to a bank when used as a collateral security for a mortgage.

For inheritance tax, a life policy taken out by a person on their own life becomes part of their taxable estate. This can be avoided by someone else taking out the policy (assuming they have sufficient **insurable interest**), or holding the policy in a trust.

life settlement fund Investment vehicle formed from bundles of American life insurance policies bought from policy-holders by financial institutions. The value depends on their surrender value and the payment of death benefits. They are colloquially known as **death bonds**.

In December 2011, the Financial Services Authority attempted to outlaw their sale in the UK.

lifestyle break Form of **sabbatical** where an employee is allowed extended leave to try a different lifestyle, such as working overseas or doing different work. Employers may be prepared to allow unpaid leave for this, guaranteeing the person's old job on return. The advantage for employer and employee is a broadening of experience and attitude.

lifestyling For child trust funds, "means the process beginning from a date on or before the child is 15 years of age, or from when the account is opened, whichever is later, and continuing until the child is 18 years of age, by which the account provider, and any relevant person, adopts an investment strategy which aims progressively to minimise the variation or potential variation in capital value of the account caused by market conditions from time to time" (Child Trust Fund Regulations SI 2004 No 1450 Sch para 2(6)).

life tenant Person who has a right for their life, after which the interest passes to someone else.

In an **interest in possession** trust, the life tenant has the interest in possession. On the death of the life tenant, the property of the trust passes to a remainderman.

lifetime allowance charge Tax charge on an individual's pension rights which exceed the **lifetime allowance** for pensions.

On 6 April 2006, the regime for tax relief on pensions was radically changed. One of these changes was the introduction of a lifetime limit of contributions to pension funds, initially set at £1.5 million but subsequently increased and then decreased. Any contributions above this allowance do not qualify for income tax relief unless there is **lifetime allowance protection**.

The law is Finance Act 2004 from s214.

lifetime allowance excess lump sum

Lump sum benefit paid to a member of a registered pension scheme (who is aged under 75) because they have used up their available lifetime allowance, and which meets the conditions of paragraph 11 of Schedule 29 to the Finance Act 2004.

lifetime allowance protection Relief from tax imposed by the **lifetime allowance charge**.

Generally, if a person has cumulative contributions to pension plans which exceed the lifetime allowance, additional contributions do not qualify for tax relief unless they benefit from lifetime allowance protection. The lifetime allowance was £1.5 million on 6 April 2006 when these provisions were introduced.

The protection takes two forms:

- **primary protection**; and
- **enhanced protection**.

Primary protection applies to an individual who already had £1.5 million or more in pension contributions on 6 April 2006. Such a person could apply to HMRC by 5 April 2009 for this protection. If a person had pension contributions of, say, £2 million on 6 April 2006, the protection applies to the additional £500,000. So as the lifetime allowance increase as in subsequent years, the individual has protection for the lifetime allowance plus £500,000.

Enhanced protection excludes a person completely from the lifetime allowance charge without any financial limit.

lifetime annuity

Annuity contract purchased under a money purchase arrangement from an insurance company of the member's choosing that provides the member with an income for life, and which meets the conditions imposed through paragraph 3, Schedule 28 to the Finance Act 2004.

lifetime annuity with capital protection

"This is where the member has used all or part of his retirement fund to purchase an annuity with a limited lump sum death benefit.

The lump sum death benefit will be determined as the purchase price of the annuity less any instalments of

annuity that have already been paid prior to the date of his death less a recovery charge. The recovery charge is 35% where the member dies before 6 April 2011, and 55% where he dies on or after that date.

Prior to the changes, effective from 6 April 2011, such a lump sum could only be paid where a member died before his 75th birthday. After the changes there is no age restriction on when such a lump sum can be paid, although this will be subject to the policy provisions of the annuity contract concerned"

(website glossary for article by John Woolley of Technical Connections Ltd, in *Taxation* magazine of 3 March 2011).

lifetime gift

A gift made during the lifetime of the donor, particularly of cash with a view to avoiding inheritance tax.

Provided the donor lives for seven years after making the gift, it avoids any liability for **inheritance tax**.

If the donor dies within seven years, the gift is added to the donor's estate for the purpose of calculating inheritance tax unless the gift falls within the scope of another tax exemption.

If the donor lived for at least three years after making the donation, the amount of inheritance tax is reduced.

In some circumstances, a lifetime gift is subject to tax at the **lifetime rate** of 20%. If the transferor agrees to pay the tax, it must be grossed up. This gives a sum equal to 25% of the gift. So a chargeable lifetime transfer of £10,000 is subject to 25% tax of £2,500. This means that 20% tax has been paid on the total of the gift and tax of £12,500.

lifetime limit

Maximum amount a person may have paid into a pension plan for it to qualify for full tax relief.

lifetime mortgage

Form of **regulated mortgage contract** whose main terms are:

- the mortgagor is above a specified age,
- the loan is not repaid while the mortgagor is alive and occupying the property.

lifetime rate

Rate of inheritance tax that is payable for transfers made during the transferor's lifetime, such as to certain types of trust.

The rate is set out in Inheritance Tax Act 1984 s7(2) as being half the **death rate**. As this has been 40% since the tax was introduced in 1986, the lifetime rate has been 20% for the same period. If the transferor dies within seven years, the other 20% is payable (subject to any other reliefs) so that the total transfer is taxed at the death rate of 40%.

lifetime exemptions

Term used in inheritance tax for those payments that are not regarded as **lifetime transfers**.

They include the **annual exemption, small gifts exemption, normal expenditure out of income, wedding presents, gifts to spouse or civil partner**, and gifts to charities and political parties.

lifetime transfer

For inheritance tax purposes, the same as a **lifetime gift**.

LIFFE

London International Financial Futures and Options Exchange.

The abbreviation is pronounced as "liffy".

LIFO

Last in, first out

This is a method of stock valuation which assumes that a stock item sold was the last one to be bought. This method is generally not acceptable in financial accounting or for tax purposes, per *Minister of National Revenue v Anaconda American Brass Ltd [1956] Privy Council, a Canadian case*. The matter is discussed in the Inspectors' Manual at BIM33120.

lift

For capital allowance purposes, a lift is treated as an **integral feature**, which means that it is included in the **special rate pool** and is subject to capital allowance at 10% on the writing down basis, and not the usual 20% for plant and machinery (Capital Allowances Act 2001 s33A).

Lifting The Lid

Name given to an HMRC consultation in 2012 relating to the **confidentiality hallmark** of tax avoidance schemes.

lift the veil of incorporation

When the court departs from the principle that a limited company has a separate identity from its owner. The principle is known as the **veil of incorporation**.

The veil is lifted when it is being abused. An example was *Gilford Motor Company v Horne [1933]*. An

employee agreed to a restraint of trade clause not to approach his employer's customers. He left, and set up a company which made such approaches. The corporate structure could not be used to defeat legal responsibilities.

In USA, the term is piercing the veil of incorporation. This term is increasingly being used in the UK.

light agricultural vehicle

“Means a vehicle which —

(a) has a revenue weight not exceeding 1,000 kilograms

(b) is designed and constructed so as to seat only the driver

(c) is designed and constructed primarily for use otherwise than on roads, and

(d) is not used otherwise than for —

(i) purposes relating to agriculture, horticulture or forestry,

(ii) spreading material on roads to deal with frost, ice or snow,

(iii) proceedings to and from the place where the vehicle is to be used or has been used for the purpose in sub-paragraph (ii)

(iv) collecting or returning equipment or material needed for the purposes of sub-paragraph (ii).”
(Hydrocarbon Oil Duties Act 1979 Sch 1 para 3)

light crude oil

Naturally occurring oil before processing which contains a high concentration (up to 97%) of the more valuable hydrocarbons.

light industry

Manufacturing activity that uses small amounts of partially processed materials to produce items of high value per unit weight.

lighting system

This may attract a capital allowance as a feature integral to a building (Capital Allowances Act 2001 s33A).

light maintenance depot

For capital allowance purposes for a railway business, a definition is given in Capital Allowances Act 2001 s95(6).

light motorcycle

Motorcycle with an engine capacity of up to 125cc and a power output not exceeding 11kW.

Such a vehicle may be driven from the age of 17. It is category A1 on a driving licence.

light oil

“Means hydrocarbon oil:

- (a) of which not less than 90 per cent by volume distils at a temperature not exceeding 21°C, or
- (b) which gives off an inflammable vapour at a temperature of less than 2°C when tested in the manner prescribed by the Acts relating to petroleum” (Hydrocarbon Oil Duties Act 1979 s1(3)).

light passenger vehicle

For vehicle excise duty purposes, a vehicle so registered under Vehicles Excise Registration Act 1994 Sch 1 para 1A(2).

light pen

Computer input device where a light is shone at a computer screen to select items from a menu.

light touch

Period when regulations are enforced gently and where penalties are either not imposed or easily mitigated.
New tax provisions are often introduced with a light touch period, often of six months. Examples include **reverse accounting** for VAT, and the **Construction Industry Scheme**.

light vehicle

Vehicle with an unladen weight of up to 550 kilograms. This is category B1 on the driving licence.

lighterage

Transference of goods between ships, usually to a smaller ship to gain access to a port which is too shallow for the original ship.

ligne

Measure of watch movement.

LIH

Left lingual hernia. Common abbreviation for sick notes (HMRC leaflet E14).

like-for-like sales

Sales of items of a business's output compared with sales of the same items in a previous period.

likin

Old Chinese transit duty.

lilangeni	Currency of Swaziland. The South African rand is also used.
Lilley, Peter	English Conservative politician (1943-) who was Shadow Chancellor from 11 June 1997 to 2 June 1998. He was Secretary of State for Social Security from 8 April 1992 to 2 May 1997.
limbo	Borderland of Hell assigned to the unbaptised dead. By extension, it refers to any intermediate state, such as a computer file for data awaiting assignment to a particular address.
Limean	London interbank mid price. This is the average of Libid and LIBOR.
limitation	<p>General</p> <p>In law, a period in which an action must be brought. This is to ensure that disputes are settled, and not to allow someone to leave a dispute hanging over someone's head.</p> <p>In financial services, the term also means a restriction in a firm's trading activities.</p> <p>Lengths of limitation</p> <p>The period for contract is six years, and for land disputes is 12 years. For personal injury, the period is three years. All these time limits are subject to special rules. There are also limitation periods in other laws, particularly tax law.</p> <p>Generally the period starts from the date the relevant dispute was discovered. This can lead to a longer period, such as for latent defects or if the victim was a child (when the period may run from the 18th birthday).</p> <p>Consequences of limitation</p> <p>The expiry of a limitation period does not mean that the matter is completely dead, just that civil proceedings can no longer be brought.</p> <p>A limitation period can start again, such as if an expired libel is repeated, or if a debt is acknowledged. The latter is commonly done by paying a nominal £1 a month. Each payment is the start of a fresh six-year limitation period.</p>

Tax

There is now a general four-year limit, subject to many exceptions.

The provisions for mistakes under old law is given in Finance Act 2007 s107.

Laws

The main laws are Limitation Act 1980, Latent Damage Act 1986 and Consumer Protection Act 1987.

limitation period

Period of **limitation** in which a legal action must be brought, failing which the right to bring the action expires.

limit down

In investing, the maximum amount a share or other security value may fall before dealing in it is suspended.

limited administration

Administration of the estate of a deceased person for limited purposes specified by the court in the **letters of administration**. A common example is the grant of administration when the executor is a child.

limited assurance guarantee

In auditing an **assurance engagement** whose objective is "a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a **reasonable assurance engagement**, as the basis for a negative form of expression of the practitioner's conclusion."
(FRC Auditing Standards and Guidance glossary).

limited by guarantee

A **company** is so described if the liability of its **members** is limited to paying a defined sum, often a nominal figure such as £1 each, if the company is wound up (Companies Act 2006 s3(3)).

Since 22 December 1980 (1 July 1983 in Northern Ireland), a company limited by guarantee may not have a share capital (CA s5(1)). However, companies already so formed may remain in that form.

limited by shares

A **company** is so described if the liability of its **members** is limited to any unpaid amount on their shares, which is usually zero (Companies Act 2006 s3(2)).

- limited capability for work** State of a person whose physical or mental condition restricts his or her ability to find work.
Such a person may be assessed under the provisions of Welfare Reform Act 2007 s8 for a payment of **employment and support allowance**. The main provision is that the person suffers such mental or physical incapacity as to restrict their ability to find work.
For **universal credit**, a claimant is regarded as having limited capacity for work "if —
(a) the claimant's capability for work is limited by their physical or mental condition, and
(b) the limitation is such that it is not reasonable to require the claimant to work"
(Welfare Reform Act 2012 s37(1)).
- limited company** A **company** where the liability of its **members** is limited (Companies Act 2006 s3(1)).
A company may be **limited by shares** or **limited by guarantee**.
- limited executorship** In law, arrangement when a person is appointed in a will to act as executor for some property, but not all of it.
- limited interest** Interest to income arising from a beneficiary's entitlement to the estate of a deceased person, where it is not an **absolute interest**.
In relation to beneficiaries' income from estates in administration, the term is defined in Corporation Tax Act 2009 s935(2).
- limited interests in residue** In relation to beneficiaries' income from estates in administration, this term is defined in Corporation Tax Act 2009 s939.
- limited liability** A phrase used to indicate that those having liability in respect of some amount due may be able to invoke some agreed limit on that liability.
- limited liability company** Company where the liability of the owners is limited to the amount of capital they have agreed to contribute. It is the same as a **limited company**.
- limited liability partnership (LLP)**
Form of legal entity created from 6 April 2001 under

Limited Liability Partnerships Act 2000. Note that it is not the same as a **limited partnership**. LLPs have been available in Northern Ireland since 13 September 2004 under separate legislation.

An LLP is legally a body corporate, though run as a partnership. It must be registered, the liability of *all* partners is limited, but the limited partners may take part in running the business. Many accountancy and law firms are now LLPs.

The tax law was originally in the Limited Liability Partnership Act 2000 s 10.

In general, the LLP itself is not usually taxed. It is generally a fiscally transparent body whose profits are taxed in the hands of the partners. The capital gains tax provisions are contained in Taxation of Capital Gains Act 1992 s59A.

It is similarly regarded for inheritance tax. An LLP itself can only be taxed when liquidated, when it may be liable to corporation tax.

LLPs are discussed in the Inspectors' Manual at BIM72110 to 72155.

limited licence to brew

Legal provision that allowed employers (other than farmers who have separate provisions) to brew beer for their workers. No such licence has been issued for decades.

limited owner

Tenant for life who does not have a **fee simple** (Settled Land Act 1025 s20).

limited partner

Member of a limited partnership whose personal liability is limited (Income Tax Act 2007 s103A; Corporation Tax Act 2010 s58). There are restrictions of how much tax loss relief such a partner may claim in respect of his share of a partnership loss.

limited partnership

Partnership where not all members have unlimited liability. There are now two different types.

The term "limited partnership" usually refers to a body established under Limited Partnerships Act 1907. This is an ordinary partnership where there must be at least one partner with unlimited liability. These are rare in practice.

There is the separate **limited liability partnership**

(LLP) where the liability of all members is limited.

limited period annuity

An **annuity** which does not last to the death of the annuitant but for a fixed period, typically five years.

Limited period annuities have been possible for **private pensions** since 6 April 2006. At the end of the period, the pensioner takes out another annuity (which may be another limited period annuity) on the basis of the size of the pension fund at that time.

limited price indexation (LPI)

Where a figure increases in line with an index up to a limit. This term is used for **index-linked pensions**.

A common form of LPI is to offer indexation according to the retail prices index (RPI) up to 5%. If the RPI increases by 3%, the pensioner receives an increase of 3%. If the RPI increases by 6%, the pensioner receives an increase of just 5%.

From 5 April 1997, every **occupational pension scheme** must offer indexation of at least LPI on all benefits, including **deferred benefits**.

This is different from **full indexation** where the pensioner receives the full increase in RPI regardless of how large the increase is, and **level pension** where there is no increase at all.

limited prize machine

Gaming machine which provides no opportunity to win a prize other than having a refund of the sum paid (Gambling Act 2005 s249).

limited probate

Arrangement where an executor is appointed in respect of only certain assets, such as for a person's literary works.

limited right to rent

Concept created by Immigration Act 2014 s21 in relation to persons unlawfully in the UK.

limited use area

In the context of commonhold property, those **common parts** which not all **unit-holders** may use (Commonhold and Leasehold Reform Act 2002 s25(2)). The **commonhold community statement** must record details of any limited use area.

limiting	Restricting or capping
limiting factor	The factor which imposes a restriction; a constraint . Examples include workforce, machine time, storage and legal restrictions.
limiting provision	For disposals under a finance lease, this term is defined in Income Tax Act 2007 s614BS(3).
limit moveday	In investment, a price that has increased or decreased by a permissible amount as fixed by the rules of a contract market.
limit of indemnity	In insurance, "sum available to indemnify a firm in respect of each claim made under its professional indemnity insurance ".
limit order	Order to buy or sell a share or other financial instrument at a specified limit price or better, and in a specified quantity.
limit price	The price in a limit order . A buy order must be executed at the limit price or lower; a sell order must be executed at the limit price or higher.
limit up	In investment, the maximum that a share or other security value may increase before dealing in it is suspended.
Lincoln, Abraham	See Abraham Lincoln .
Lincoln's Inn	One of the Inns of Court . It is situated between Carey Street and Holborn, and has existed at least since 1422. Traditionally, barristers based in Lincoln's Inn practise in the Chancery Division of the High Court.
line	One-dimensional representation. Its many meanings in finance include: <ul style="list-style-type: none">• a line of credit* a person's occupation• a telephone line• a scheme of argument• course or route of a public transport vehicle• short letter or note.

- old measurement equal to one twelfth of an inch.

line 51	Reference to line 51 on Form 14 completed by life assurance companies. It is referred to in Income and Corporation Taxes Act 1988 s432CA.
lineal descendant	Direct descendant, such as a son or grand-daughter, but not a son-in-law.
linear programming	In statistics, a numerical method of finding an optimal solution when there is one constraint.
linear regression analysis	In statistics, a method of identifying a relationship between two sets of data.
line chart	Graph measuring changes in value (y-axis) against time (x-axis). A simple example is a graph of daily changes in a share price.
line item budget	Budget in which each line relates to a particular function in the organisation.
line of credit	Agreement whereby a bank agrees to lend money to a customer up to a maximum figure.
line of country	A person's occupation.
lingot	Ingot. The term is a contraction of the French "l'ingot".
lining the pockets	Appropriating funds, particularly dishonestly. The term comes from the tailor for Beau Brummel who did line his clothes with bank notes to secure future patronage.
link	Old unit of measure of length equal to one hundredth of a surveyor's chain. The measure is about 8 inches or 20 centimetres.
link company	"A company which is a member of a consortium and is also a member of a group of companies" (Income and Corporation Taxes Act 1988 s406(1)).
linked assets	In relation to taxation of life assurance companies, "means assets of an insurance company which are identified in its records as assets by reference to the value

of which benefits provided for under a policy or contract are to be determined and in a case where only part of an asset is so identified, references to a linked asset are references to that part" (Income and Corporation Taxes Act 1988 s432ZA). Following sections expand this definition.

linked bingo

Another name for **combined bingo**.

linked dwellings

Two dwellings that have private access between them, and where there is some common ownership.

The implications for annual tax on enveloped dwellings are given in Finance Act 2013 s117.

linked entity

In relation to corporation tax on banks, this term is defined in Corporation Tax Act 2009 s133F(6) as inserted by Finance (No 2) Act 2015 s18. It is also defined in Corporation Tax Act 2010 s269BC(3).

linked liabilities

In relation to taxation of life assurance companies, "means liabilities in respect of benefits to be determined by reference to the value of **linked assets**" (Income and Corporation Taxes Act 1988 s432ZA(6)).

linked loan

"Any loan which:

(a) would not have been made, or

(b) would not have been made on the same terms,

if the investor had not subscribed for the relevant shares, or had been proposing to do so" (Income Tax Act 2007 s164(2)).

The existence of such a loan prevents the investor from claiming **EIS relief** for a shareholding in the company to which the loan is made.

linked person

Term used in relation to **tainted charity donations** (Income Tax Act 2007 s809ZJ(3) and Corporation Tax Act 2010 s939C(3)).

linked PIW

For statutory sick pay, when a **period of incapacity for work (PIW)** is regarded as one period with a previous PIW. This happens when a person goes sick within eight weeks of returning to work after the previous PIW.

linked presentation	When two transactions are shown together in the financial statements. FRS 5 para 26-28 requires two transactions to be part of a linked presentation when an asset is acquired subject to ring-fenced financing.
linked transaction	When one transaction is made on the back of another, such as an extended warranty on the sale of goods.
linking letter	Letter provided by Jobcentre Plus or its equivalent to people who have recently received certain benefits. This may affect the maximum linked PIW for which statutory sick pay may be payable.
linking period	<p>Period that is regarded as being a continuation of a previous period.</p> <p>Certain social security benefits are payable for a finite period. For example, statutory sick pay is payable for up to 28 weeks. If the person returns to work and is off sick again within eight weeks, the second period is linked to the first.</p> <p>For employment support allowance, the linking period is 12 weeks.</p>
link papers	In tax, "those papers which show how the figures in the return are derived from the figures in the prime records, are held by the agents, but are available to the taxpayer" (Inland Revenue Tax Bulletin of 2 August 1997).
Linotype	Trade name for a machine that produces lines of type for printing.
linseed oil	<p>For VAT, this is standard-rated as it does not come within the scope of food (VAT notice 701/14).</p> <p>This follows the decision in <i>Darwin Banks [2004] VTD 18904</i>.</p>
Linux	Computer operating system. It is the commonest after Windows and Mac OS.
lipa	One hundredth of a kuna, currency of Croatia.
lippy	Old Scottish dry measure, equal to one quarter of a peck, ie about half a gallon or 2¼ litres.

- lip service** Insincere praise or worship. By extension, the term is used to mean a pretended commitment to a principle or procedure.
- liquefied petroleum gas (LPG)** Form of road fuel and heating material.
As a road fuel, it attracts a lower rate of duty than hydrocarbon oils. Cars that use LPG attract a lower **car benefit** to employees.
When supplied for heating, it qualifies for the reduced rate of VAT under Value Added Tax Act 1994 Sch 7A Group 1 when supplied for residential or charity use. VAT notice 701/19 states that this will be assumed when LPG is supplied in cylinders of less than 50 kilograms net weight (and not intended for resale) or where supplied to premises that cannot store more than two tons.
- liqueur** Alcoholic drink that has been sweetened, flavoured or perfumed. It is usually taxed as a spirit.
- liquid** *Finance*
The ease with which something may be converted to cash. Cash is therefore the most liquid asset of all.
Duty on biodiesel and bioethanol
“Does not include any substance that is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars” (Hydrocarbon Oil Duties Act 1979 s2AA(2)(b) and s2AB(2)(b)).
- liquid assets** **Current assets** which can easily be turned into cash.
These are cash, debts and any investments which can be turned into cash within one month. **Stock** is specifically excluded.
- liquidated damages** Ascertained amount of damages, particularly when such a figure is put into a contract to avoid the necessity of proving and calculating a loss.
- liquidated demand** Demand for a fixed sum of money, such as £1,000. It is distinguished from an unliquidated demand, where the amount is to be determined by the court.
- liquidation** Process of ending an insolvent company.
A liquidation automatically starts a new **accounting**

period for corporation tax.

The ownership of the assets has changed, so it is not possible to claim **group relief** between solvent and insolvent companies.

For capital gains, an insolvency does not itself count as a **disposal**.

liquidation committee

Committee appointed by the creditors to oversee a liquidation (Insolvency Act 1986 ss101, 141).

liquidator

Insolvency practitioner whose task is simply to close down a business and sell what he can for as much as he can (Insolvency Act 1986, s91, ss135-140).

liquidity

Ease with which an asset may be turned into cash. Cash is the most liquid asset; fixed assets the least liquid.

“Liquidity refers to the ease with which something can be converted to cash with little or no loss of value” (HM Treasury glossary).

liquidity needs analysis (LNA)

Consideration by an individual or business on their requirement for cash at a future point, as against their holding of illiquid assets.

This is a standard step in most forms of financial planning. It is particularly important for estate planning to ensure that (for example) inheritance tax can be paid without having to sell assets.

liquidity ratio

Liquid assets divided by **current liabilities**, where liquid assets are current assets minus stock. This ratio is sometimes called the **acid test**.

A ratio below 1 could suggest financial problems, though this depends on the nature of the business. A **cash positive** business such as a supermarket can safely trade with a low ratio.

Conversely a business with a liquidity ratio much above 1 could indicate a business with excess cash.

liquidity risk

“The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset” (FRS 102 glossary).

liquidity trap	In economics, situation when the economy is stagnant and interest rates are close to zero. At such times, spending tends to cease, exacerbating the lack of investment. The stagnation restricts the government's ability to stimulate the economy such as by spending on infrastructure.
liquid market	Market in which large amounts are being traded.
liquid natural gas (LNG)	Natural gas that is superchilled to 1/600 of its normal size, making it economical to transport.
liquid resources	Current asset investments that are held because they are readily disposable.
liquor	Anything that is liquid, particularly alcoholic drink. Such drink is subject to alcoholic liquor duty and VAT.
liquor laws	Laws that control the sale of alcoholic drink.
lira	(1) Unit of currency in Italy before it adopted the euro. (2) Currency of Turkey. The plural for both meanings is either liras or lire.
lis	Suit or action where there is a dispute between the parties.
lis alibi pendens	Latin: a suit pending elsewhere. This comprises grounds for staying a legal action.
Lisbon Strategy	Economic policy adopted by the European Union in 2000 for the period up to 2010. It aimed to make the EU "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010". The Strategy was revived in 2003 by the Sapir Report . The Strategy was reviewed by the European Parliament in 2005.
Lisbon Treaty	Agreement of the European Union. It was agreed on 13 December 2007 and came into force on 1 December 2009. It amended the Maastricht Treaty of 1993 and the Treaty of Rome of 1958. It replaced the Treaty of

Amsterdam.

It extended the scope of majority voting into 45 new areas, and made many administrative changes to the European Union.

lisente	One hundredth of a loti, currency of Lesotho.
lis mota	Existing or expected legal action.
lis pendens	Latin: pending suit. The term particularly applies to disputes about land.
list D school	Term used in Scotland from 1969 for community homes, previously known as approved schools.
listed building	Another name for a protected building .
listed building consent	<p>A form of planning permission which allows work to be done to a protected building (or listed building).</p> <p>Such work may qualify for VAT zero-rating under Value Added Tax Act 1994 Sch 8 Group 6.</p>
listed charity	For the purposes of giving, a list of charities maintained by HMRC for the purpose (Income Tax Act 2007 s429).
listed company	A company whose shares are listed by the Stock Exchange as being available for buying and selling under the rules and safeguards of the Exchange.
listed place of worship (LPW)	<p>Listed building which is primarily used for worship of any formally constituted religion, and where acts of worship take place at least six times a year.</p> <p>Certain types of work for LPWs attract a special grant which is equal to the VAT charged on that work. VAT is charged on the work and paid in the normal way, and the grant is then claimed. The amount is the whole VAT charged from 1 April 2004. It was an amount equal to 5/7 of the VAT previously from 1 April 2001 (which made the net VAT borne equivalent to 5%).</p> <p>There are special rules for claiming the grant. The scheme is due to end in 2011, having been extended twice.</p>

listed security	Share, debenture, warrant or other form of security which may be bought and sold on an exchange.
listed tax avoidance scheme	Scheme that appears on a list. If the scheme proves ineffective, participants will pay an additional charge to compensate HMRC for the cashflow benefit they have enjoyed. HMRC announced plans for such a list in 2011.
listing	Process or state of a share, debenture, warrant or other form of security being available for purchase or sale on an exchange.
Listing Agreement	Document which a company signs outlining the conditions it must follow to be listed on the New York Stock Exchange.
listing condition	<p>One of the conditions which must be met for shares to be eligible for venture capital trust tax relief under Income Tax Act 2007 s274.</p> <p>The condition is that the shares must be the ordinary shares of the company.</p>
listing paper	Paper used to print lists from a computer printer. The paper comes in packs of continuous pages with serrations for each page. Typically the paper also has sprocket holes down each side allowing the paper to be fed through the machine. These sprocket holes are often also on a narrow perforated strip allowing them to be removed.
listing particulars	Details a company is obliged to publish about itself in connection with a prospective issue of shares or other securities.
listing requirements	Rules imposed by the Stock Exchange on companies whose shares are listed for buying and selling.
Listing Rules	Issued by the UK Listing Authority of the Financial Services Authority to regulate companies listed on the UK Stock Exchange. Includes rules on accounting information in annual reports.
list of trade unions	Register of trade unions kept by the Certification Officer under Trade Union and Labour Relations (Consolidation)

Act 1992 s2.

list price

Tax term used to calculate the taxable benefit of a company car.

An employee provided with a company car for personal use must pay income tax on the notional benefit of the car. This is based on a percentage of its list price.

The list price is defined as the price at which the car is sold in the UK singly in a retail sale in the open market on the day immediately before the car's first registration. (Income Tax (Earnings And Pensions) Act 2003 s123(1)).

lists

In law, lists of cases awaiting trial. In practice, courts maintain several lists according to the nature of the case.

LIT

Life interest trust.

litany

Prayer of supplication which is very repetitive. By extension, the term is applied to any tediously repetitive list, such as of complaints.

litas

Currency of Lithuania.

lit de justice

French: bed of justice, ie fount of all legal authority.

The term comes from French kings Louis XI to XVI who gave judgment lying on a bed. The practice ceased in 1787.

lite pendente

Latin: pending the [law] suit.

literal rule

One of the methods for interpreting an Act of Parliament. (The other main methods are the **golden rule** and **mischief rule.**)

The literal rule was summarised in *Sussex Peerage Case [1844]* as meaning that words are to be given their ordinary meaning if precise and unambiguous. This usually means that their meaning is taken from an authoritative dictionary.

In tax cases, any disputed term that is not specifically defined follows the dictionary definition.

literalism

Process of interpreting laws by giving words their dictionary meanings.

In the terms of wills, literalism was largely

abandoned by the House of Lords in the case *Perrin v Morgan [1943]* when it was decided that terms should be interpreted according to their context. The case concerned the word "moneys" in a will.

literary work	For averaging of profits, this may count as a creative work under Income Tax (Trading and Other Income) Act 2005 s221(3).
litharge	Lead monoxide produced when refining silver.
Lithuania	Eastern European country, and member of the European Union. Its currency is the litas of 100 cents, which is pegged to the euro. The UK has a double taxation convention of 2001 amended by a protocol of 2002.
litigant	Party to legal proceedings
litigation	Legal proceedings where one party is suing another.
Litigation and Settlement Strategy (LSS)	<p>Procedure introduced by HMRC in 2007 to settle disputes with taxpayers, and to avoid the expense and delay of a trial in court.</p> <p>LSS uses a third party as a facilitator to move towards an agreed resolution.</p>
litigious	Description of a person or organisation that is fond of suing.
litre	Metric unit of capacity, defined in 1901 as the volume of a kilogram of water at 4C under standard atmospheric pressure. There are about 4½ litres to a gallon. The litre is the standard measure for vehicle engine sizes.
LITRG	Low Incomes Tax Reform Group.
littera scripta manet	Latin: what is written down is permanent.
Little Englander	Perjorative term first used in Victorian times to mean someone who opposed imperialist expansion. It now generally refers to someone who opposes international co-operation.

littoral	Belonging to the seashore; that part of land which is visible between high and low tides.
livelihood	Means by which a person funds or otherwise provides for his or her daily support.
Liverpool Vision	Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).
livery	For VAT, livery services are generally standard-rated, though stabling may be exempt. VAT notice 701/15 gives details.
livery company	Modern equivalents in the City of London of the City Craft Guilds. The Weavers claim to be the oldest company, formed in 1184.
livestock	<p>“Cattle, horses, asses, mules, hinnies, sheep, pigs, goats and poultry, and also deer not in the wild state and, ... while in captivity pheasants, partridges and grouse” (Animals Act 1971 s11).</p> <p>Another definition is given in Dogs (Protection of Livestock) Act 1953 s3.</p> <p>Agriculture Act 1967 restricts livestock to cattle, sheep and pigs, whereas Agriculture Act 1947 s109 includes any animal kept for the production of food, wool, skins or furs, or for farming the land.</p>
live-work unit	Property that comprises living accommodation and working space in a single planning application. The definition is given in VAT Notice 708. The extent to which VAT input relief may be claimed for such property was discussed in the case <i>Adrian Richard Railton Holden and Jane Elisabeth Holden</i> . TC 2043 [2012].
living	Term for the right of a vicar, rector or other person to receive a stipend in a parish in the Church of England.
living accommodation	Certain expenses in relation to employer-provided accommodation are exempt from tax under Income Tax (Earnings And Pensions) Act 2003 from s313.

living apart	In law, a condition for establishing desertion or separation for divorce. The provision was introduced in 1973 and abolished in 1996.
living as husband and wife	Another term for living together .
living memory	Within the memory of people who are still alive. The term is sometimes used in legal proceedings. The term should be distinguished from legal memory and time immemorial .
living on immoral earnings	Criminal offence of earning money by providing the services of prostitutes. The maximum penalty is seven years imprisonment.
living over the shop	Living in accommodation acquired to be near a workplace in addition to one's main residence. The term is used in the Inspectors' Manual at BIM37928 where the matter is discussed. Generally, such expenditure is not tax deductible however commercially justified. A leading case is <i>Mason v Tyson</i> [1980] 53 TC 333.
living separately	<p>A couple may be regarded as living separately even though they both live under the same roof. Accordingly a husband could not claim a married couple's allowance payable to a man who shared a house with his wife but where they lived "as separate households under one roof" (<i>Holmes v Mitchell. Ch D</i> [1990] 63 TC 718).</p> <p>This decision was in accordance with the obiter dicta of Denning in <i>Hopes v Hopes. CA</i> [1948] who said "the husband who shuts himself up in one or two rooms of a house and ceases to have anything to do with his wife, is living separately and apart from her as effectively as if they were separated by the outer door of a flat".</p>
living together	<p>Co-habiting. This can affect certain entitlement to social security payments.</p> <p>Even for a married couple, living together can be a further requirement, such as in Taxation of Capital Gains Act 1992 s282.</p>
living wage	Wage which is sufficient to support a person and, usually, his family.

living with you	Term used in social security legislation to determine eligibility to claim certain benefits. For child benefit , the child or young person must “live in the same house or other residence as [you] and also be carrying on there with [you] a settled course of daily living” (R(F) 2/81). The child must not have been away for more than 56 days in any 16-week period.
livre	(1) Old French coin, replaced by the franc in 1795 (2) Old French weight approximately equal to a pound.
LJ	(1) Lord Justice of Appeal. (2) Law Journal Newspaper County Court Reports, published from 1831 to 1949.
LJNCCR	Law Journal Newspaper County Court Reports, published from 1934 to 1947.
LJ(OS)	Law Journal (Old Series), law reports published from 1822 to 1831.
Lk	Abbreviation: lek, currency of Albania.
LKR	ISO code for Sri Lankan rupee.
LL	Lower limit.
LLA	Long-life assets. These are placed in the special rate pool and subject to capital allowances at the rate of 10% as against the usual 20% for plant and machinery.
LL B	Designatory letters for a Bachelor of Law.
LL D	Designatory letters for a Doctor of Law.
LL M	Designatory letters for a Master of Law.
Lloyd George, David	English politician (1863-1945) who was Chancellor of the Exchequer from 12 April 1908 to 25 May 1915 under the Liberal government of H H Asquith. He introduced the controversial People's Budget of 1909 that triggered a constitutional crisis and led to the House of Lords losing its power of veto. Lloyd George sharply increased taxes on spending and incomes, and

introduced national insurance.

He was prime minister from 7 December 1916 to 22 October 1922.

Lloyd, Selwyn

English Conservative politician (1904-1978) who was Chancellor of the Exchequer from 27 July 1960 to 13 July 1962 in the government of Harold Macmillan. He was sacked after struggling with the country's economic problems. He subsequently became Speaker of the House of Commons.

Lloyd's

The London-based insurance market, best known for marine and aviation cover. The name is taken from Edward Lloyd who owned the coffee shop in Tavern Street from where the market began in 1689. It was incorporated by an Act of Parliament of 1871.

Insurance is arranged by syndicates of private underwriters, commonly known as **Names**, each of which is managed by a professional **underwriter**. Each Name has unlimited liability in meeting claims. Since 1992, limited companies may also join.

Note that the apostrophe is only used for the insurance market. The bank with the same name has no apostrophe.

Lloyd's broker

Agent who arranges insurance through a syndicate at Lloyd's.

Lloyd's register

Register of ships.

Lloyds Bank v Bundy

Court case of 1974 which held that a bank could not rely on a guarantee on a person's property where there was improper pressure and inequality of bargaining power. This case led to a series of similar cases, variously decided, and a change in how banks offer secured loans.

Lloyds Banking Group

One of the Big Four UK banks. The name was adopted on 19 January 2009 from the merger of Lloyds TSB and HBOS. Soon afterwards the bank had to accept significant government help to remain solvent.

The former is itself a merger of Lloyds Bank and TSB (**Trustee Savings Bank**) in 1995.

Lloyds Bank was formed in 1765 in Birmingham.

The Bank has taken over banks and other financial

institutions, such as Scottish Widows and Cheltenham and Gloucester Building Society. Its trade mark is a black horse.

Lloyd's premium trust funds	This term is defined in Finance Act 1993 s184. Its income tax provisions are given in Income Tax Act 2007 s867.
Lloyd's syndicate	"A syndicate of underwriting members of Lloyd's formed for an underwriting year" (Finance Act 2007 Sch 11 para 3(9)).
LLP	Limited liability partnership.
LLP Regulations	"The Large and Medium-Sized Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1913)" (FRS 102 glossary).
LLP trade	Trade conducted by a company as a member of a limited liability partnership (Corporation Tax Act 2010 s59(1)).
LI Rep	Lloyd's Reports, series of law reports from 1951.
Llywodraeth Cynulliad Cymru	Welsh: Welsh Assembly Government. The middle word is now omitted under provisions of Wales Act 2014 s4(2).
Llywodraeth Cymru	Welsh: Welsh Government. This is one of its two official names under Wales Act 2014 s4(1).
LME	London Metal Exchange.
LMIL	London Market Information Link.
LNA	Liquidity needs analysis.
LNG	Liquid natural gas.
LO	Local office, of DVLA .
load in bulk	Put cargo on board in loose form, not in packaging.
loading	In business, the extent to which an individual is charged more than the "standard" or "average" rate for a product

or (more usually) a service. An example is an additional insurance premium for a high risk customer.

loading list

A commercial document which may be used when more than one item is being shipped.

It may be used instead of continuation sheets to supplement Single Administrative Document (SAD) Community Transit (CT) documents.

loading pass

Document for the purpose of obtaining authority to load Local Export Control (LEC) goods boarding a ship or aircraft, after they have been removed from the trader's approved premises.

load line

Mark painted on the hull of a ship indicating the maximum weight that it may carry. It is also called the Plimsoll Line.

Load List

A list of goods intended for export also providing their destination.

loan

Definition

Sum of money lent, for which interest is often charged.

For pensions, the term is given a specific meaning in Finance Act 2004 s162(2).

Trading expense

Loan interest for the purpose of a trade is generally deductible from taxable profits. Interest on loans for a non-trade purpose generally may only be deducted from any income to which the loan relates.

For **loan relationship**, the term "includes any advance of money and related expressions are to be read accordingly" (Corporation Tax Act 2009 s476(1)).

Employment

A loan to an employee which is either interest-free or at a rate below the commercial rate is a taxable benefit in kind. For this purpose a loan is any form of credit, including arranging, guaranteeing or in any way facilitating the loan (Income Tax (Earnings And Pensions) Act 2003 s173(2)).

Such an **employment-related loan** does not trigger a tax charge if the amount is less than £5,000. If it does,

the taxable benefit is the amount by which any interest paid is less than the loan multiplied by an official rate. This rate is usually announced when there is a change in the bank base rate.

loan account

Account opened by a bank in respect of a loan. Repayments are made from the normal bank account into the loan account.

loan capital

Funding for a business which has been acquired by borrowing.

loan collection

Privately-owned works of art that have been lent for exhibition.

loan covenants

Agreement made by the company with a lender of long-term finance, protecting the loan by imposing conditions on the company, usually to restrict further borrowing.

loan creditor

"In relation to a company, means a creditor in respect of any debt of the incurred by the company:
(a) for any money borrowed or capital assets acquired by the company; or
(b) for any right to receive income created in favour of the company; or
(c) for consideration the value of which to the company was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium thereon);
or in respect of any redeemable loan capital issued by the company." (Income and Corporation Taxes Act 1988 s417(7).

loan guarantee

Payment made on a loan by someone other than the borrower because they guaranteed the loan. The tax treatment is considered in the Inspector's Manual at BIM 45301.

Broadly, the payment is allowed if the guarantee, when made, was wholly and exclusively for the purposes of the business, and a capital advantage is not secured by it.

The matter has been litigated in such cases as *Homelands (Handford) Ltd v Margerison [1943] 25TC414*;

Garforth v Tankard Carpets Ltd [1980] 53TC342; Baker v Mabie Todd and Co Ltd [1927] 13TC235.

loan-holder	Someone who holds security for a loan .
loan interest	<p>Interest charged on a loan.</p> <p>Before 6 April 1969, interest on almost all loans was tax-deductible. From 6 April 1969 to 5 April 1972, loan interest was tax deductible only to the extent that it related to a mortgage, acquiring an interest in a partnership or close company, or for a qualifying trade purpose.</p> <p>From 6 April 1972 to 27 March 1974, interest relief was granted on most payments to banks and similar UK bodies.</p> <p>From 27 March 1974, loan interest was generally restricted to mortgages and business loans. Mortgage interest relief ended on 6 April 2000.</p>
loan notes	A method of borrowing from commercial institutions such as banks. A loan note may itself be tradeable on a stock exchange.
loan obligation	In the context of a transfer of value by trustees linked with trustee borrowing, this term is given a specific meaning in Taxation of Capital Gains Act 1992 Sch 4B para 4(1).
loan on ordinary commercial terms	<p>Employment-related loan but where the employee pays the same rate of interest as one of the employer's customers. Such a loan is not taxed as a benefit in kind.</p> <p>A full definition is given in Income Tax (Earnings And Pensions) Act 2003 s176(2).</p>
loan or credit transaction	This term is defined for a specific provision in Income Tax Act 2007 s809CZA.
loan origination	Steps taken by a financial institution in relation to granting a loan.
loan protection policy	Insurance policy that repays a loan, or part of it, should the lender die or otherwise become unable to pay.

loan relationship	Term used for what is now Part 5 of Corporation Tax Act 2009, from s292. This broadly allows a company to claim tax relief only for those loans that are used to finance trading.
loan relationships with embedded derivatives	The tax position is given in Corporation Tax Act 2009 s585.
loan shark	Someone who lends money at high rates and uses unlawful means to enforce repayment.
loan society	<p>Body established to lend money to the "industrious classes" under Loan Societies Act 1840. Such bodies were similar to friendly societies, and were similarly registered.</p> <p>The last such society was removed from the register on 3 April 1996, so the Act was repealed on 19 November 1998.</p>
loans payable	"Financial liabilities other than short-term trade payables on normal credit terms" (FRS 102 glossary).
loan stock	Loan finance traded on a stock exchange, a form of debt instrument.
loan to participators	Money lent by a company to a participator , which usually means a shareholder. If the company is close company , a tax charge may arise under Income and Corporation Taxes Act 1988 s419.
loan to traders	The capital gains tax implications are given in Taxation of Capital Gains Act 1992 s253.
loan to value (LTV)	Amount of the mortgage expressed as a percentage of the value of the property, or the price you are paying for the property. So a £60,000 mortgage on a £80,000 property would mean a LTV of 75%.
lobby	Small hall or waiting room. By extension, it has come to be used as a verb to mean to press someone influential to adopt a particular policy.
lobby system	Political procedure whereby politicians give information to trusted reporters on condition that the source is not

revealed.

- local** Description of something which applies just to the country or other area in which it is operating. So the term "local currency" means the currency where that branch or business is operating.
- local authority** For VAT, is liable to register and charge VAT if it makes taxable supplies (Value Added Tax Act 1994 s42).
Supplies made from a statutory duty, such as planning permission, are outside the scope of VAT.
An authority may be able to claim a VAT refund under Value Added Tax Act 1994 s33. Supplies made from a statutory duty, such as planning permission, are outside the scope of VAT. A VAT definition of local authority is given in Value Added Tax 1994 s96(4).
A definition of local authority is given in Localism Act 2011 s8(1) and Local Government Act 1972.
A definition for company law is given in Companies Act 2006 s1193(2).
- local call** Telephone call to another number in the same or adjacent exchange and which may therefore attract a lower charge.
- local charity** "A charity established for purposes which are by their nature or by the trusts of the charity directed wholly or mainly to the benefit of that area or of part of it" (Charities Act 1960 s45(1)). This definition was introduced from 1 August 1993.
The definition is repeated in Charities Act 2011 s293.
- local colour** Colloquialism for background information about an area, event or market.
- local constituency association** "Means an unincorporated association (whether described as an association, a branch or otherwise) whose primary purpose is to further the aims of a political party in an area which at any time is or was the same or substantially the same as the area of a parliamentary constituency or 2 or more parliamentary constituencies" (Taxation of Capital Gains Act 1992 s264(2)).

local clearance	For Customs purposes, entry of imported goods into commercial records at designated premises away from the frontier.
local clearance procedure (LCP)	Arrangement whereby an exporter may control exports from their own premises. This procedure requires Customs authorisation.
local compliance (LC)	Compliance work undertaken by a local office of HMRC, rather than by any central office.
local councillor	Another term for councillor .
local currency	Currency of the area where a business or branch is operating, as against the currency in which the business prepares its accounts.
Local Dental Committee	Body which may be formed to represent the interests of dentists in an area. Such a body may be recognised by an NHS Primary Care Trust under National Health Service Act 2006 s113.
local development scheme	Scheme under Localism Act 2011 s111.
Local Education and Training Board	Board established by Health Education England under Care Act 2014 s103.
Local Employment Act	Act of Parliament of 1970, now largely repealed, which allowed Parliament to make grants to local councils to employ people to clear derelict land.
local enterprise	In the context of a local enterprise agency , means "industrial and commercial activity or enterprise in a particular area of the United Kingdom, with particular reference to encouraging the formation and development of small businesses" (Income Tax (Trading and Other Income) Act 2005 s84(4)).
local enterprise agency	Body approved as such. Company donations to it qualify for corporation tax relief (Corporation Tax Act 2009 s84) or income tax (Income Tax (Trading and Other Income)

Act 2005 s84).

local enterprise organisation Contributions to such an organisation are allowable for corporation tax (Corporation Tax Act 2009 s82). The term is defined in *ibid* s83.

They are allowed for income tax under Income Tax (Trading and Other Income) Act 2005 s82, and defined in *ibid* s83.

local government Elected authorities which have certain powers and duties within a defined area, such as a city or borough.

local government boundaries Means —
“(a) in England, the boundaries of counties and their electoral divisions, districts and their wards, London boroughs and their wards and the City of London,
(b) in Wales, the boundaries of counties, county boroughs, electoral divisions, communities and community wards,
(c) in Scotland, the boundaries of local government areas and the electoral wards into which they are divided under section 1 of the Local Governance (Scotland) Act 2004, and
(d) in Northern Ireland, the boundaries of wards.”
(Parliamentary Voting System and Constituencies Act 2011 s9(3)).

local holding company Term used in Income and Corporation Taxes Act 1988 Sch 25 in relation to **controlled foreign companies**.

local housing allowance (LHA) An element of **housing benefit** that relates to the type of property occupied by the claimant.

local labour Workforce recruited by a branch or similar from people in that area.

local land charges register “In relation to England and Wales, means a register kept pursuant to section 3 of the Local Land Charges Act 1975” (Interpretation Act 1978 Sch 1).

locally administered assistance Social security provision administered by local authorities in England from April 2013, as a replacement for the **Social Fund**. The devolved administrations of Scotland and Wales are

expected to make similar arrangements.

Each local authority decides how best to administer welfare beyond the statutory provisions. This includes use of food banks and furniture re-use projects.

local office	Office of a member of a Parliament or Assembly (Finance Act 2013 s10(6)).
local reinsurance contract	<p>In the context of controlled foreign companies, means “a reinsurance contract —</p> <ul style="list-style-type: none">(a) which is made in the territory in which the controlled foreign company is resident; and(b) the parties to which are resident in that territory”. <p>(Income and Corporation Taxes Act 1988 Sch 25 para 11(8)).</p>
local tax	<p>Tax charged in a country in which a controlled foreign company operates. The term is defined in Income and Corporation Taxes Act 1988 s750(1).</p> <p>If the local tax is less than 75% of the UK equivalent, the UK owners may be liable to pay UK tax.</p>
local veto	Power given to a local authority to prevent something, particularly the sale of alcoholic liquor.
Locata	Website that helps people find social housing in particular areas.
location of assets	<p><i>Inheritance tax</i></p> <p>Inheritance tax rules that determine whether assets are regarded as being in the UK. A non-domiciled taxpayer is not liable to inheritance tax on assets outside the UK. The rules are given in Inheritance Tax Act 1984 s275.</p> <p><i>Capital gains tax</i></p> <p>The rules are set out in Taxation of Capital Gains Act 1992 s275.</p>
location of errors	<p>In bookkeeping, various methods have been developed to find an error when the books do not balance or do not crosscast.</p> <p>The method starts by identifying the difference between the two totals. If the difference is divisible by 9,</p>

this indicates that two numbers were reversed in one addition, such as 56 being added as 65.

By taking 10/9 of the difference, it is possible to establish the position of the wrong number and its difference with the other number. In this example, the difference is 9, of which 10/9 is 10. This means that the difference is in a multiple of £10 where a number in that column differs from the unit by 1.

If the difference is of a specific amount, such as £43.29, this often indicates that a sum of that amount was omitted from one of the additions.

Lochgelly principle

Principle that a member of a **trade protection organisation** may claim part of the subscription as tax-deductible expenditure.

The name comes from the case *Lochgelly Iron & Coal Company Ltd v Crawford [1913] 6TC267* and is discussed in the Inspectors' Manual at BIM 24805.

lock

(1) Device to hold a door, lid or similar secure unless a key is used.

(2) In banking, when a person is barred from using a credit card, debit card or similar from entering too many wrong PIN numbers. If the card is not confiscated, the holder who remembers the PIN can usually unlock it by following a procedure at an **ATM machine**.

locked in

This term can refer to the situation where an investor holds a shares or other securities that are trading at a higher price than the investor paid, but where the investor is disinclined to sell because of the capital gains tax payable.

lock-in

Specific period for which a person is committed to a loan, investment or other financial transaction. A common example is immediately after the flotation of a company when directors and major shareholders agree not to sell their shares for a specific period as a means of providing confidence to the market.

lock-out

Contract law

Agreement that one party will not seek to make a contract with anyone else. It is sometimes used in property sales that are **subject to contract**.

Employment law

When the employer refuses to let the employees work. It is the converse of a **strike**.

lockstep

Arrangements made under Scotland Act 2012 which allows the Scottish Parliament to vary all rates of income tax by the same number of percentage points. So the rates of 20%, 40% and 45% could become 19%, 39% and 44%, but not (for example) 15%, 40% and 60%.

loco citato

Latin: in the passage cited.

LOCOG

London Organising Committee of the Olympic Games Ltd.

locum

Abbreviation of **locum tenens**.

locum insurance

Insurance taken out by a professional person, usually a sole trader or in a small firm, to pay for someone to do their work should they become unable to do so.

From 1 October 1996, premiums qualify for tax relief as a business expense. Previously they were disallowed as a personal expense.

The matter is discussed in the Inspector's Manual at BIM 45570.

locum tenens

Latin: one holding a place, a substitute.

locus

Place, locality.

locus citato

Latin: at the passage quoted.

locus classicus

Latin: classic text, the most widely quoted text.

locus delicti

Latin: the place of crime, where it was committed.

locus in quo

Latin: the place in which.

locus poenitentiae

Latin: place (or opportunity) for repentance.

The term is particularly used for the time between the provision of goods for an illegal purpose and that purpose being carried out. During this time, the provider of the goods may claim them back.

locus regit actum	Latin: the place governs the act.
locus sigilli	Latin: the place of the seal.
locus standi	Latin: the place of standing. This is the right to be heard in court.
lodge	In the sense of a static caravan, this may come within the VAT definition of a zero-rated caravan . Guidance is given in VAT notice 701/20.
lodger	<p>Person who resides at premises owned by another person.</p> <p>For tax purposes, a notice may be served under Taxes Management Act 1970 s14 on the owner of any dwelling requiring the recipient to list "every lodger or inmate resident in his dwelling house".</p> <p>Income from a lodger is subject to income tax as property income. However it may be eligible for rent a room relief.</p>
lodging turn	Work on a railway that requires workers to stay away from home.
log	<p>(1) Record, such as of a sequence of events.</p> <p>(2) Abbreviation of logarithm.</p>
logarithm	<p>Number which represents the power by which another number must be raised to equal a third number. In the equation $10^2 = 100$, 2 is the logarithm of 100 to the base 10. Logarithms are usually calculated to the base of 10, or to the base of e.</p> <p>Logarithms allow multiplication to be reduced to addition. In the equation $10^2 \times 10^3 = 10^5$, it can be seen that the answer is calculated as $2 + 3 = 5$. Logarithm tables can be produced to reduce other numbers to a logarithm, these may be added and the anti-logarithm taken to perform difficult multiplication by using addition and reading from tables.</p> <p>Although logarithms have largely been replaced by modern calculators and computers, they can still be required in mathematical formulae.</p>

logarithmic scale	Scale used in a graph where one of the axes is plotted according to the logarithm of the number. For example, instead of the x-axis being denoted as 1, 2, 3, 4, 5 etc, it may be denoted logarithmically as 1, 2, 4, 8, 16 etc.
log book	Vehicle registration document, such as the V5 form for a car. This document succeeded a document that was in book form.
logical atomism	Philosophical theory that all propositions can be analysed into simple elements.
logistics	Art of movement of troops, and (by extension) the general deployment of resources.
logjam	When so many logs have been floated on a river that they come to a standstill. By extension, any situation where there is a cessation of work from congestion of input.
loglog	Logarithm of a logarithm.
log-rolling	Colloquialism for the practice of helping acquaintances in the hope of receiving help yourself when needed. The term comes from the practice of early American settlers to help a new settler clear land of trees.
log scale	Logarithmic scale.
LOI	Lost on ignition.
Loi Monory	French tax relief from 1978 to 1989, on which UK personal equity plans were based. The term is French for Monory's law, after the French finance minister René Monory (1923-2009). It allowed purchasers of French shares to deduct a limited amount of annual investment from their taxable incomes. Ironically, Loi Monory was replaced by Plan d'Épargne Populaire modelled on the UK personal equity plan .
LOI percentage	Means "the amount of non-qualifying material contained in fines, as indicated by the percentage of the mass of those fines lost on ignition" (SI 2015 No 1385 para 2).

LOI test	Means “a test to determine the LOI percentage of fines, conducted in accordance with the terms of a published notice” (SI 2015 No 1385 para 2).
loitering	“It shall be an offence for a person aged 18 or over (whether male or female) persistently to loiter or solicit in a street or public place for the purpose of prostitution” (Street Offences Act 1959 s1(1)).
lolly	Slang term for money.
Lombard banking	Normal banking but where ways have been found to get round objections to payment of interest. The term originates from the banks of prosperous Lombardy in Northern Italy in the Middle Ages. They operated a form of pawn shop lending and found ways to get round the Catholic prohibition on making profit from money without working. Islamic finance is a modern example.
Lombard Street	Street in London which became the centre for bankers from 13 th century.
London	Capital of England, first referred to in 61 AD.
London Anniversary Games	(1) Sporting event for which a general tax exemption for participants is provided by Finance (No 2) Act 2015 s30. (2) Sporting event held in London from 21 July to 29 July. Finance Act 2013 s8 provides a special income tax exemption for participants.
London Bullion Market (LBM)	Two-way market where investors can buy and sell silver and gold.
London Clearing House (LCH)	Organisation founded in 1888 to clear sugar and coffee trades in London. In 2003, it merged with Clearnet SA to become Central Counterparty Clearing House.
London Club	Informal group of commercial banks that meet to discuss sovereign debt.
London Commodity Exchange (LCE)	Body that was previously known as London Fox . In 1996, it became part of the London International Financial Futures and Options Exchange.

London Fox	Londonm Futures and Options Exchange. It was renamed London Commodity Exchange , and now is part of the London International Financial Futures and Options Exchange.
London Gazette	Official publication of the UK government, first published in 1665.
London Interbank Offered Rate (LIBOR)	Rate of interest at which banks lend money to each other.
London Market Information Link (LMIL)	London Stock Exchange's main source of UK financial data.
London Metal Exchange (LME)	International market for trading non-ferrous metals, particularly aluminium, copper, lead, nickel, tin and zinc. Its origins can be traced back to 1571.
London Olympics	"The Games of the Thirtieth Olympiad that are to take place in 2012" and the Paralympic Games of the same year (London Olympic Games and Paralympic Games Act 2006 s1(1)(a)).
London Olympics period	Period from four weeks before the start of the London Olympics of 2012 to five days after the closing ceremony (London Olympic Games and Paralympic Games Act 2006 s1(3)(c)).
London Organising Committee (LOCOG)	Organising committee for the London Olympics 2012 formed under section 2 of the Host City Contract .
London Stock Exchange (LSE)	The main stock exchange of the United Kingdom.
London Summit 1933	The London Economic Conference held from 12 June to 27 July 1933, at which 66 nations discussed how to lift world economies out of depression. It failed.
lone parent conditionality	Term used in June 2010 Budget Red Book para 1.101 for the policy of moving lone parents, where the youngest child is 5 or more, from income support to jobseeker's

allowance.

long	<p>In finance, a long period. In securities, this usually means at least 10 or 15 years.</p> <p>The term can also be used in saying that an investor is long when he or she has bought a security in the expectation that its price will rise.</p>
long bond	<p>Bond which will mature in ten or more years' time. The US 30 year Treasury bond is a benchmark.</p>
long chargeable period	<p>Period of more than one year. Provisions relating to annual investment allowance are given in Capital Allowances Act 2001 s51M.</p>
long credit	<p>Terms of business that allow the customer a long time to pay.</p>
long dated bill	<p>Bill which is payable in more than three months' time.</p>
long dated stocks	<p>Government stocks which mature in 15 or more years' time.</p>
long dozen	<p>Old term for 13.</p>
longevity swap	<p>Financial instrument used by defined benefit pension funds. In effect it insures the fund against the risk of staff living longer than the age used to calculate their pension.</p>
long-firm	<p>Group of swindlers who pretend to be a long-standing business as a means of securing credit, and then decamp without paying.</p>
Long Friday	<p>Old name for Good Friday, in allusion to the long fast on that day.</p>
long funding finance lease	<p>This term is defined in Capital Allowances Act 2001 s70G. Corporation tax provisions are given in Corporation Tax Act 2009 s866.</p>
long funding lease	<p>Term used from April 2006 to describe a lease which lasts for at least seven years, or which lasts for at least five years and meets some other conditions. Such leases were previously generally known as finance leases. It is a</p>

funding lease which is not a **short lease**.

In a long funding lease, the **lessee** may claim a **capital allowance for plant and machinery** (Capital Allowances Act 2001 from s70A). A statutory definition is given in s70G.

A capital allowance cannot be claimed for a feature integral to a building funded by a long funding lease (Capital Allowances Act 2001 s34A).

long funding operating lease “Means a **long funding lease** which is not a **long funding finance lease**” (Capital Allowances Act 2001 s70YI(1)).

long lease In relation to capital allowances, this is “a lease the duration of which exceeds 50 years” (Capital Allowances Act 2001 s360I(2)).

long-life asset For capital allowances, “means plant or machinery which —

- (a) if new, can reasonably expect to have a useful economic life of at least 25 years, and
- (b) if not new, could reasonably have been expected when new to have a useful life of at least 25 years” (Capital Allowances Act 2001 s91).

long-life asset expenditure For capital allowances, “means qualifying expenditure —

- (a) incurred on the provision of a **long-life asset** for the purpose of a qualifying activity, and
- (b) not excluded from being long-life expenditure by any of sections 93 to 100” (Capital Allowances Act 2001 s90).

long position Purchase of a security in the expectation of selling it at a higher price at a future date.

long range planning In management accounting, a statement setting out the plans for a business several years into the future, typically between three and five years in the future.

long-run aggregate supply The amount of supply of products at all price levels over a long period.

longs **Long-dated stocks**, that is government stocks which mature in 15 years' or more time.

- long service award** Award to an employee for at least 20 years' service.
A tax-free award may be made up to £50 for each year's service (Income Tax (Earnings And Pensions) Act 2003 s323).
The £50 limit applies from 6 April 2003. The limit was £20 a year from 13 March 1984, and £10 previously.
- long shot** Bet with little chance of success. By extension, the term applies to any proposal seen as having little success.
- long-term benefit** Contributory social security benefit payable indefinitely.
They are defined in Social Security Contributions and Benefits Act 1992 s20(2) as:
(a) long-term incapacity benefit
(b) a widowed mother's allowance
(c) a widow's pension
(d) a Category A or Category B retirement pension
(e) a shared additional pension.
- long-term business** In relation to taxation of insurance companies, means "business which consists of the effecting or carrying out of contracts of long-term insurance" (Income and Corporation Taxes Act 1988 s431(2)).
- long term care insurance (LTC)** A health-insurance variation designed to cover the costs of long term care at home or in a nursing home.
- long-term debt** Debt due in more than one year's time.
- long term disability insurance** Insurance to provide a reasonable replacement of a portion of a person's income lost through serious illness or injury.
- long-term effect** For the purposes of disability discrimination, this describes a disability which has lasted for 12 months or is expected to last for 12 months (Disability Discrimination Act 1995 Sch 1 para 2).
- long-term equity anticipation securities (LEAPs)** Long-term stock or index options. They usually have an expiration date of up to three years ahead.

long-term finance	Money lent to a business for a fixed period, giving that business a commitment to pay interest for the period specified and to repay the loan at the end of the period
long-term incapacity benefit	Where this is paid to someone who received invalidity benefit before 13 April 1995, it may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s663.
long-term incentive plan	Any scheme that provides a long-term incentive to employees, such as through restricted stock units . The provisions of such plans can give rise to an income tax charge for employment income.
long-term insurance	The term is defined in Financial Services and Markets Act 2000 s22. In relation to realised profits and losses, there are special provisions in Companies Act 2006 s843.
long-term insurance fund	In relation to taxation of insurance companies, means "the fund maintained by an insurance company in respect of its long-term business " (Income and Corporation Taxes Act 1988 s431(2)).
long-term investment	An investment which will take more than one year to turn into cash. Such an investment is excluded from the scope of current assets .
long-term liability	A liability which is due in more than a year's time. Such a liability must not be included in current liabilities .
long-term resident	In relations to care homes, someone who is resident there, or who has been or is reasonably expected to be for three months. This can affect the main residence relief for capital gains tax. The definition is in Taxation of Capital Gains Act 1992 s225E(5) as inserted by Finance Act 2014 s58(3).
long-term service contract	In company law, a contract for the engagement of a director which lasts for more than two years. Under Companies Act 2006 s188, such a contract requires members' approval.

long ton Term used for the **ton** in the UK equal to 2,240 pounds as against the **short ton** in the USA equal to 2,000 pounds.

longus usus nec per vim, nec clam, nec precario
Latin: long use not by violence, stealth or entreaty. Part of a claim for title of property.

look-back Type of tax provision which looks back to circumstances in determining the tax treatment of a transaction.

An example is the **patent box**, whereby expenses incurred in the six years before a patent is granted may be included in the scope.

look back period In accounting, a period of three to five years before adopting International Accounting Standards in which the entity should consider whether the standards then adopted require change on adoption (IFRS 1, para BC17).

looked after and accommodated child
For child trust funds in Scotland, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 33A(6).

looked after child For child trust funds
“(a) in England and Wales has the meaning given in section 22(1) of the Children Act 1989, extended to include a child accommodated by a local authority under section 17 of that Act, and
(b) in Northern Ireland, means a child accommodated under Part 4 of the Children (Northern Ireland) Order 1995”
(Child Trust Funds Regulations SI 2004 No 1450 reg 33A(6)).

loose change Odd coins, such as may be in a person's pocket.

loot Plunder, such as to steal from inadequately protected premises. The word is also a slang term for money,

lord Nobleman, peer of the realm.
The five ranks in descending order are duke, earl, marquis, viscount, baron.

Lord Chamberlain	Member of the Royal Household responsible for ceremonial engagements.
Lord Chancellor	<p>Head of the judiciary.</p> <p>Until 2006, the office holder was also Speaker in the House of Lords, and a Cabinet minister. The former function has now been made a separate office, and the latter office combined with Minister of Justice. As such the holder of the latter office has moved from the House of Lords to the House of Commons. For tax tribunals, the Lord Chancellor has certain protected functions as set out in Tribunals, Courts and Enforcement Act 2007 s144.</p>
Lord's Day	Sunday.
Lords of the Treasury	Term used since the 17 th century for the people who run HM Treasury . There are usually seven. The first Lord of the Treasury is the prime minister , and the second is Chancellor of the Exchequer . The other five are usually Treasury ministers.
lords ordinary	Judges that form the Outer House of the Court of Session in Scotland.
lords spiritual	Bishops that sit in the House of Lords.
lords temporal	Members of the House of Lords who are not bishops.
Loreburn Committee	Committee that reported on company law in 1905, but did not lead to major changes in law.
lorry driver	There are some special tax provisions that allow for the cost of evening meal and breakfast, as explained in the Inspectors' Manual at BIM37670.
lorry road-user charge	<p>Tax to be paid by lorries for using UK roads.</p> <p>Legislation was introduced by Finance Act 2002 s137 and subsequently amended.</p> <p>Despite that, the tax has yet to be introduced. The government has announced plans to introduce an alternative tax with a similar effect.</p>

loss

General

Reduction in wealth generated by the activities of a commercial entity. It is the opposite to **profit**.

For a non-commercial body, the equivalent term is **deficit**.

Tax

A business that makes a loss may be able to claim **loss relief**.

The loss must be calculated using the same accounting rules as are used to calculate profits (Income Tax (Trading And Other Income) Act 2005s26 and Corporation Tax Act 2009 s47).

Fraud

For fraud, means a loss in money or other property, whether that loss is temporary or permanent. Property means any property, real or personal, including things in action and other intangible property (Fraud Act s5(2)). It includes not getting what one might get, as well as losing what one has (ibid s5(4)).

loss adjuster

Independent third party who may be used by an insurance company to assess the value of a claim, particularly if there is a disagreement between the insurer and the insured.

loss assessor

Person employed by a claimant to value a loss and present the insurance company with a supporting case for this valuation. Loss assessors are most often encountered in respect of claims under home contents or buildings insurance.

loss buying

For corporation tax on chargeable gains, this is restricted by provisions in Taxation of Capital Gains Act 1992 from s184A.

loss leader

Product which a retailer sells at a loss with a view to attracting customers into the store to buy other products.

loss limit

Maximum loss a security trader is prepared to take on a position before closing that position to stop further losses.

loss-making year	Year in which a trade makes a loss (Income Tax Act 2007 s64, s120(1)).
loss of faculty	<p>Damage or impairment of part of the body or mind caused by the industrial accident or disease.</p> <p>Someone who suffers such a loss of faculty may be eligible to claim industrial injuries benefit.</p>
loss of goods	<p>Where goods are lost, stolen or destroyed.</p> <p>For VAT purposes, the position depends on whether the goods have been supplied, and, if they have, whether the consideration has been adjusted to reflect the loss. The position is explained in VAT notice 700.</p>
loss of income insurance	Insurance policy where the holder is protected against loss of income. The reasons for loss must be stated in the policy. The premium is usually kept down by having an excess period of perhaps six months before the policy pays.
loss of profits policy	<p>Insurance policy which pays for losses sustained when a business is prevented from continuing from an insurable risk, such as a fire at its premises.</p> <p>The premium for such a policy is tax-deductible under the normal "wholly and exclusively" rules, as explained in the Inspector's Manual at BIM45510.</p> <p>Such a policy is typically added to other policies. For example, insurance for premises may cover the cost of rebuilding plus the loss of profits and customer claims which may result from not being able to trade until the factory is rebuilt.</p> <p>Such policies are also known as consequential loss policy or business interruption policy.</p>
loss of tax	For VAT penalties, this term is defined in Value Added Tax 1994 s77(4B).
loss on sale of land	If land is sold within four years of death for less than its probate value, a claim may be made on form IHT38 for the sale proceeds to be substituted for probate value.
loss on sale of shares	If shares or other quoted securities are sold within 12 months of death for a sum less than the probate value, a claim may be made on form IHT35 for the sale proceeds

to be substituted for probate value.

The claim must be in respect of the totality of all shares and securities in the estate; a claim cannot be made just for those shares and securities that lost value.

loss relief

Means by which a taxpayer may offset a loss against a taxable profit.

For a company, the four most common forms of loss relief are:

- **sideways relief:** offset loss against other income in the current accounting period (Corporation Tax Act 2010 s37)

- **carry back:** offset loss against profit in the previous 12 months (Corporation Tax Act 2010 s37)

- **carry forward:** offset loss against profits of the same trade in any future period (Corporation Tax Act 2010 s45)

- **group relief:** offset loss against profits earned by a company in the same group (Corporation Tax Act 2010 Part 5). There is a similar **consortium relief**.

In a final year, it is also possible to claim **terminal relief** by offsetting a loss against profits of the previous three years.

For accounting periods ending between 24 November 2008 and 23 November 2010, there was a separate limited right to offset a loss against profits of the previous three years.

All of these forms of loss relief are subject to legal conditions.

loss to the estate

The method of valuing gifts for inheritance tax purposes.

This method is most likely to lead to a different figure from the value to the recipient where shareholdings or sets of objects are split.

lost bill

Bill of exchange which has been mislaid.

Under Bills of Exchange Act 1882 s69, a holder may require the drawer to provide a duplicate bill but must indemnify the drawer against any loss from having issued two bills.

lost document

Where a stamped document is lost, the stamp duty implications are as set out in Stamp Duties Management

Act 1891 s12A.

- lost duty** In relation to tobacco duty, this term has a specific meaning in Tobacco Products Duty Act 1979 s6B(7).
- lost pension** Pension scheme in a company which collapsed.
About 200 company schemes collapsed, leaving 140,000 members out of pocket without any refund of contributions or expected pension.
In 2008, the government accepted the recommendations of the **Young Review** which recommended that the funds be taken over by the government and topped up. This led to the creation of the **Financial Assistance Scheme** which provides a measure of recompense for individuals with a lost pension.
- lost property** The police have power to dispose of lost property after it has been in their possession for six months (Police (Property) Act 1897 s1).
- lost sacrifice** Benefit that an employer may receive under a **salary sacrifice** scheme.
Under such a scheme, the employee sacrifices part of his or her salary in return for a tax-free or tax-advantaged **benefit in kind**. Sometimes the value provided to the employee is less than the salary sacrificed. This difference is the lost sacrifice.
- lot** (1) Unit of sale in an auction.
(2) Amount of a commodity or financial instrument that can be traded.
(3) Old term for tax.
- loti** Currency of Lesotho.
- lots** Casting lots or drawing lots is the traditional form of selecting winners in a **lottery** or equivalent.
- lottery** Form of gambling where participants pay a sum in return for a number of similar identification, and the prizes are awarded by lot. In law, a lottery is either a **simple lottery** or **complex lottery** (Gambling Act 2005 s14).
A lottery run by a charity may be exempt from

income tax under Income Tax Act 2007 s530.

lottery operating licence Licence issued by Gambling Commission to someone who promotes a lottery (Gambling Act 2005 s65(2)(j)).

louis French gold coin issued up to 1795.

louma One hundredth of a dram, currency of Armenia.

love contract Agreement between an employer and two employees in a romantic relationship. The agreement acknowledges the romance and indemnifies the employer from any charge of harassment by one of them in respect of the other.
Such contracts are rare in the UK, but more common in some US states.

lowballing Putting in a very low quote to buy business.

low carbon project Project which produces low amounts of carbon dioxide compared with the project it is intended to replace.

low cost endowment A savings plan which includes decreasing term insurance. It pays out at the end of the term, and also if the policy holder dies during the term. Such an endowment is usually used to pay off an interest only mortgage.

Lowe, Robert English politician (1811-1892) who was Chancellor of the Exchequer from 9 December 1868 to 11 August 1873.

low earnings threshold Figure used to calculate state second pension until 5 April 2016. Someone eligible for this pension but with earnings below the threshold was deemed to have income at this threshold.

low emission car Car that qualifies for a 100% first year allowance because of its low carbon dioxide emissions in exhaust.
A car is defined as low emission if its carbon dioxide emissions are below the figures given for tax years:

From	Maximum emission
April 2002	120 gm/km
April 2008	110 gm/km
April 2010	95 gm/km

April 2014 (to 2018)	75 gm/km
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- low emissions certificate (LEC)** Certificate that indicates that a vehicle first registered before 1 October 2001 meets the required standard not to pay the charge in the **Low Emissions Zone**.
- lower case** Letters that are not capital letters. The term comes from the old printing practice of putting the tray of type for such letters below the tray for capitals.
- Low Countries** Netherlands and Belgium.
- low emission car** Car which carbon dioxide emissions below 75gm/km. For the period 2010/11 to 2014/15, an employee provided with such a car was subject to tax on 5% of its list price (8% for diesel) instead of the higher rates that otherwise applied. No such car was available in 2010.
- Low Emission Zone** Area, approximately corresponding to the Greater London area, where large vehicles must either meet strict standards for vehicle exhausts or pay a daily charge. The M25 is excluded.
- The scheme started on 4 February 2008 for lorries, caravans and horseboxes which weigh more than 12 tonnes. If they do not meet the emission standard, they must pay £200 for each day they travel in the zone. The charge is levied on every day of the year at all times of day. It is additional to any **congestion charge**.
- On 7 July 2008, this extended to similar vehicles which weigh between 3½ and 12 tonnes, and to buses and coaches weighing more than 5 tonnes.
- On 4 October 2010, a £100 daily charge is payable for vans and horseboxes between 1.205 tonnes (unladen) and 3.5 tonnes, motor caravans between 2.5 and 3.5 tonnes, and all minibuses.
- From 3 January 2012, vehicles must meet the Euro IV standard for particulate matter, as against the less strict Euro III standard.
- The scheme is monitored by cameras at entrance points which can recognise registration numbers.
- At its introduction, the cost of converting an old vehicle to meet the standard was estimated to be between £3,000 and £10,000. The conversion could

therefore **cost-justified** if the vehicle is to make a minimum of 150 to 500 journeys in the zone.

lower case

Letters that are not capital letters.

lower earnings limit (LEL)

For national insurance, the amount of earnings which start to count as a class 1 contribution to the national insurance record, though an employee and employer do not pay any national insurance until a higher earnings threshold is reached. It is also the threshold for entitlement to certain benefits such as statutory maternity pay.

This is the figure for a **category A state retirement pension** rounded down to the nearest whole pound per week (Social Security Contributions and Benefits Act 1992 s5(2)).

lower-income charity

Charity whose gross income does not exceed £25,000 a year (Charities Act 2011 s145). Such a charity has a reduced requirement for its accounts to be independently examined.

low-income household

For periods from 1 April 2016, the Secretary of State must publish data on such households under Welfare Reform and Work Act 2016 s4.

For this purpose, low-income households are split between those where equivalised net income is less than 60% of the median, and those where it less than 70%.

lower level of tax

Term used in relation to **controlled foreign companies**.

The level is less than 75% of the UK tax that would otherwise be payable. This is the level at which the **anti-diversion** rules may come into effect.

lower level of tax test

For controlled foreign companies before 2012, a test that excludes business profits from a foreign subsidiary being subject to UK tax.

The test broadly requires that the tax paid in the foreign country is at least 75% of the **corresponding UK tax**.

From 2012, the test broadly remains but is known

as the **tax exemption**.

lower limit

This term is sometimes used to mean the limit at which a company no longer pays the **small profits rate** of corporation tax. Details are in Corporation Tax Act 2010 s24. The limit was introduced at £25,000 in 1973, and has been £300,000 since 1994.

lower limit annual accounting

VAT scheme which is an alternative to **annual accounting** for businesses with an annual turnover below £100,000. This allows the business to make three quarterly payments each equal to 20% of the previous year's VAT liability. If the liability for any quarter is less than £2,000, no payment need be made. The business makes one annual return within two months of the end of the year when any balance is paid.

lower of cost or market (LCM)

Usual method of valuing stock for the balance sheet. An item of stock is valued at its cost to make, grow or otherwise acquire the item unless it can only be sold for a lower amount.

lower paid employment as a minister of religion

This exists when —

“(a) the employment is direct employment as a minister of a religious denomination, and
(b) the earnings rate for the employment for the year (calculated under section 290E) is less than £8,500” (Income Tax (Earnings and Pensions) Act 2003 s290D(1)).

From 6 April 2016, such ministers continue to be exempt from the tax charge for accommodation and other expenses, even though the P11D limit is otherwise abolished.

lower-paid employments

Employments where the wages (or equivalent) plus the value of benefits does not exceed £8,500 and where the employee is not a director. Certain benefits in kind are taxed more leniently for such employees (Income Tax (Earnings And Pensions) Act 2003 s217).

For such an employee, any taxable benefits are reported on form P9D and not on form P11D.

From 6 April 2016, this distinction is largely abolished, as almost all employees are treated as P11D

employees.

lower-paid minister of religion Minister of religion whose earnings do not exceed £8,500 a year,

From 6 April 2016, when the £8,500 limit is generally abolished for taxing benefits in kind, such a minister retains the exemption for the benefit of accommodation and related expenses.

The provision is given in Income Tax (Earnings and Pensions) Act 2003 s66(2)(b) as amended by Finance Act 2015 Sch 1 para 9.

lower personal allowance

Allowance against income tax which could be claimed by all taxpayers other than married men. A single parent could claim lower personal allowance plus an additional personal allowance, which provided the same tax relief as the higher personal allowance.

The lower personal allowance was replaced by the **personal allowance** from 6 April 1990.

lower rate

Rate below a basic rate, particularly for income tax.

Between the tax years 1992/93 to 1998/99, there was a lower rate of income tax of 20% on the first slice of taxable income. Between 1978/79 and 1978/80 there was a lower rate of 25% on the first £750 of taxable income.

lower rate tax

Term used for any tax which is lower than a main rate, such as the **small profits rate** for corporation tax.

lower relevant maximum amount (LRMA)

The lower threshold for corporation tax. Between 1972 and 2015, corporation tax was charged at two rates. A small profits rate (previously known as small companies' rate) applied up to the LRMA, and higher rates above. The LRMA was £300,000 from 1999 to 2015.

lower strength beer

Beer with an alcoholic strength below 2.8% (Alcoholic Liquor Duties Act 1979 s1AA). From 1 October 2011, such beer attracts a lower rate of excise duty.

lower threshold

Term that has been used in many tax consequences.

It was particularly used between 6 April 2003 and 5 April 2011, in relation to the level of carbon dioxide emissions at which a company car becomes taxable. From

6 April 2011, the term is replaced by "relevant threshold". From 6 April 2015, all company cars are taxed even if their emissions are zero.

low gearing

When the amount of borrowed capital is small relative to the amount of equity capital.

Low **gearing** means that the return enjoyed by holders of **equity capital** is less affected by the amount of net profit, unlike a high geared business.

low income exemption

Relief for income tax given by Republic of Ireland.

low income scheme

Scheme whereby financial assistance is provided to meet NHS charges.

Low Incomes Tax Reform Group (LITRG)

"An initiative of the **Chartered Institute of Taxation** to give a voice to those who cannot afford to pay for tax advice" (LITRG website).

low paid

Description of people with earnings of a small amount.

low profit margin exemption

For controlled foreign companies from 2012, an exemption from any UK tax if the CFC's profit is no more than 10% of the relevant operating expenditure.

low profits exemption

For controlled foreign companies from 2012, an exemption from any UK tax if both:

- accounting profits or taxable profits do not exceed £500,000 (the original proposed limit was £200,000),
- non-trading profits do not exceed £50,000.

low risk body

Organisation defined by Legal Services Act 2007 s108 and which is relieved from some provisions of the Act.

low risk loan

Such a loan to be paid off by future earnings is one of the **hallmarks** of a tax planning scheme of which taxpayers are advised to be wary.

low user fee

Charge made to someone who makes little use of a service, particularly by a bank or credit card company.

low value estate	<p>For inheritance tax, a category of excepted estate.</p> <p>This is one where the total estate does not exceed the nil rate band and so no inheritance tax is payable.</p>
low value invoice	<p>Invoice for a low amount where some of the VAT requirements are relaxed. The upper limit has been £250 since 1 January 2004.</p>
low vision leaflet (LVL)	<p>Document obtainable by or for a person of poor sight from a hospital or clinic. It can be the first step towards being registered as blind.</p>
low wines	<p>“Weak spirits obtained from the distillation of wash” (Customs notice 39).</p>
low yield	<p>Description of the dividends or other distributions from a share or equivalent which is low compared with similar securities.</p>
loyalist	<p>Person who is loyal to a particular cause, particularly someone in Northern Ireland who supports the British government.</p>
loyalty bonus	<p>Addition provided by finance companies to customers who stay with them.</p> <p>They are most commonly encountered in pensions and investments. For pensions, a loyalty bonus must be considered when looking at the open market option.</p>
LPA	Lasting power of attorney.
LPG	<p>Liquid Petroleum Gas, a road fuel alternative to petrol and diesel.</p> <p>LPG is the generic name for commercial propane and commercial butane. They have the special property of becoming liquid at atmospheric temperature if moderately compressed, and reverting to gases when the pressure is sufficiently reduced.</p>
LPP	Legal professional privilege.
LR	<p>(1) Listing Rules sourcebook, published by the Financial Services Authority.</p> <p>(2) Law reports. This is the citation for most court cases</p>

	reported between 1865 and 1875.
LRC	Law Reports of the Commonwealth, a series of law reports first published in 1995.
LRD	ISO code for Liberian dollar.
LRMA	Lower relevant maximum amount , for corporation tax.
LRR	Land remediation relief .
LRT	Lower rate tax .
LS	Locus sigilli.
LSC	Learning and Skills Council .
LSD	Old term for pounds, shillings and pence, and thus money. [The abbreviation is also used for a hallucinogenic drug.]
LSE	(1) London Stock Exchange (2) London School of Economics.
LSL	ISO code for Lesotho loti.
LSS	Litigation and Settlement Strategy , a policy of HMRC.
LT	(1) Country prefix code for Lithuania. (2) Life tenant of a trust. (3) Law Times Reports, law reports from 1859 to 1947.
LTAHAW	Living together as husband and wife .
LTC	Long-term care insurance .
ltd	Limited . A limited company which is not a public limited company must put the letters "ltd" after its name unless either permission has been given for the company not to do so (as often happens for non-commercial companies) or the company is registered in Wales and uses "cyf" (Companies Act 2006 s59).

LTICR	Long-term insurance capital requirement.
LTIP	Long-term incentive plan. This usually refers to the enterprise management incentive .
LT(S) Act 2014	Landfill Tax (Scotland) Act 2014. This abbreviation is given in Revenue Scotland and Tax Powers Act 2014 s252.
LTT	Land transaction tax.
LTV	Loan to Value. The amount the mortgage expressed as a percentage of the value of the property, or of the price paid for the property. So a £60,000 mortgage on a £80,000 property would mean a LTV of 75%.
LU	Country prefix code for Luxembourg.
lucifer	Friction match invented in 1826.
luck money	Small amount of money or a low value gift voluntarily returned by a seller to a purchaser to bring good luck.
Lucozade tablets	The VAT tribunal held that these were zero-rated as food and not standard-rated as confectionery. Although naturally sweet from the glucose used, no sweetening material had been added. <i>(Smith Kline Beecham plc. [1993] VAT 10222).</i>
lucre	Slang term for money, possibly as a back formation from the word "lucrative".
lucri causa	Latin: for the sake of gain.
Lucy bond	Financial instrument that includes fanciful terms, such as relating payment to the weather or the results of a sporting contest. The term comes from the Beatles' song <i>Lucy in the Sky with Diamonds</i> which has fanciful words.
luddite	Person who refuses to embrace change, regardless of its obvious benefits. The term comes from gangs led by Ned Ludd in

northern counties who between 1811 and 1816 smashed up textile machinery.

ludere cum sacris

Latin: to trifle with sacred things.

Ludwig scheme

Rare scheme under which a person or body sells its authority rights in return for cash, which the seller may use to maintain the trappings of its former authority. Such a scheme may be used when a person irrationally fails to yield power. The term derives from King Ludwig II of Bavaria (1845-1886) who received payment from Prussia after he lost effective control of his kingdom in the Prussian-led German empire.

Lulach

King of Scotland from 1057 to 1058.

lumper

Labourer employed in loading and unloading ships.

lump sum

An amount provided as a single payment rather than as regular income.

The term is widely used for a payment usually equal to 25% of a pension fund that a person may take when they crystallise their pension entitlement. Provisions are set out in Income Tax (Earnings And Pensions) Act 2003 from s636A.

lump sum amount

In relation to the lifetime allowance charge for pension contributions, the term is given a specific meaning in Finance Act 2004 s215(4).

lump sum death benefit

Lump sum benefit paid by a pension scheme on the death of a member.

Such a benefit may be paid before the member has crystallised any benefits or, in limited circumstances, after such benefits have crystallised. In the latter case, the benefit is treated as a **drawdown lump sum death benefit** and is taxed.

lump sum death benefit rule

“This is the rule relating to the payment of lump sum death benefits by a registered pension scheme in respect of a member of the pension scheme” (Finance Act 2004 s168(1)).

- lump sum rule** “This is the rule relating to the payment of lump sums by a registered pension scheme to a member of the pension scheme” (Finance Act 2004 s166(1)).
- lunar month** Period of four weeks. The moon actually takes about 29½ days to revolve around the earth.
- lunatic** Person who has periods of lucidity and periods of illucidity, as against an **idiot** who has no periods of lucidity. Both terms are now seen as pejorative.
The term comes from the old belief that lunacy was prompted by a full moon.
- lunch break** Period of about 45 minutes to an hour in the middle of the day to allow workers to have lunch.
Since 1 October 1998, a worker must have at least 20 minutes break every six hours under Working Time Regulations SI 1998 No 1833.
- luncheon voucher** Document provided to workers by the employer and which may be exchanged in local eating establishments for food.
Luncheon vouchers were introduced in 1946 at a rate of 2s 3d (about 11p) to enable workers without a canteen to obtain a cooked lunch without worrying about cost or rationing. The rate was increased to 3 shillings (15p) in 1948 where it remained until abolished from 6 April 2013.
- Lunn case** Leading case on the relationship between HMRC and a **tax agent** when the former has serious concerns about the latter's work such that HMRC believes significant amounts of revenue may be lost.
The case relates to when HMRC may refuse to work with the agent, and notifies his customers of this. As a result of this case, guidance was produced by HMRC in conjunction with professional bodies.
The full citation is *Denis Christopher Carter Lunn and others v HMRC [2011] EWHC 240*.
Lunn was prosecuted in September 2013 on six counts of cheating the public revenue. He was acquitted on two counts. The jury could not decide on the other four. At a retrial, he was found guilty of the four counts.

Lunn's clients were given the chance to pay the tax with interest, and avoid penalties.

Lutine Bell

Ship's bell at the insurance market Lloyd's. It is rung once to signal the loss of an insured ship, and twice for an overdue ship.

The bell comes from HMS Lutine, laden with bullion, that sank on 9 October 1799, incurring the market in crippling losses of £500,000. The bell was salvaged in 1858.

Luxembourg

Small European state which is a member of the European Union. Its currency is the euro of 100 cents. The UK has a double taxation convention of 1967 amended by a protocol of 2009. The country is widely seen as a tax haven.

LuxLeaks

Confidential caches of secret tax agreement approved by Luxembourg authorities. An initial batch was leaked in 2014, followed by further batches. The documents can be read at <http://www.icij.org/project/luxembourg-leaks/explore-documents-luxembourg-leaks-database>.

luxury goods

Term used for VAT between 18 November 1974 and 1976. Items that fell within this description paid a higher rate of VAT of 25%, reduced to 12.5% from 12 April 1976, until subsumed into the standard rate of (then) 15%.

luxury tax

Any tax which is imposed on luxury goods.

luxury vandalism

Term coined in 2015 for the practice of causing damage to heritage properties to improve their value. The term is particularly used for extending expensive London properties by adding basements and double basements.

LV

(1) Country prefix code for Latvia.
(2) Luncheon voucher.

LVL

Low vision leaflet.

LVT

Leasehold valuation tribunal.

lwei

One hundredth of a kwanza, currency of Angola.

LYD	ISO code for Libyan dinar.
Lynn v Bamber	Court case of 1930 which established that a person could sue outside the limitation period where there was fraudulent misrepresentation.
Lyon Court	Court that has jurisdiction over coats of arms and precedence.
Lysaght	Court case of 1928 that established rules for establishing ordinary residence . The full citation is <i>CIR v Lysaght [1928] HL. 13TC511</i> .

M

M	<p>Tax code</p> <p>Suffix to a PAYE tax code used from 6 April 2015 to indicate that the employee has had part of a partner's personal allowance transferred to his or her.</p> <p>National insurance</p> <p>National insurance contribution letter for employees under the age of 21 and for whom no other special provisions apply. The letter was introduced in 2015.</p> <p>Vehicle excise duty</p> <p>Rate band for vehicles with emissions above 255 gm/km.</p> <p>Other meanings</p> <p>(1) Measure of the money supply, followed by a single digit (eg M1, M2)</p> <p>(2) Roman numeral for 1000.</p> <p>(3) Macpherson. Series of Scottish law reports.</p> <p>(4) In transport, indication of a motorway, usually followed by a number.</p> <p>(5) Abbreviation: loti, currency of Lesotho.</p>
M0	In economics, narrow money, comprising just notes and coins in circulation. This represents about 2% of the M4 money supply.

M1	In economics, measure of money supply, representing notes and coins (M0) plus overnight deposits.
M2	In economics, measure of money supply, representing M1 plus deposits with an agreed maturity of up to two years and deposits redeemable at up to three months.
M3	In economics, measure of money supply, representing M2 plus repurchase agreements, money market fund shares or units, and debt securities of up to two years.
M4	In economics, measure of money supply, representing cash inside and outside banks, including private sector banking and building society deposits, plus private sector wholesale bank and building society deposits.
MA	(1) Master of Arts (2) Marketing Authorisation.
Maastricht treaty	European treaty. In December 1991 the leaders of the 12 EC countries met at Maastricht in the Netherlands to negotiate a treaty on the European Union. The treaty was finally signed in February 1992. The treaty moved significantly towards economic, political and social union and set out the detailed timetable for economic and monetary union (EMU). It also set out the convergence criteria for economies who wanted to join in EMU. The treaty was incorporated into UK law by European Communities (Amendment) Act 1993 s1(2).
MAC	Membership audit certificate.
macaroni defence	Arrangement to protect a company against being takeover. It involves issuing a large number of bonds that are redeemed at a higher value in a takeover. The term comes from macaroni which expands when cooked.
Macaulay duration	Weighted average term to maturity of the cashflows of a bond, where the weights are the present value of the cashflow divided by the price.

Macbeth	King of Scotland from 1040 to 1057. There is a strategy to protect against takeovers known as Lady Macbeth.
MACD	Moving average convergence/divergence.
MacDonald, Ramsey	Scottish Labour politician who was prime minister of the first Labour government from 22 January 1924 to 4 November 1924, and from 5 June 1929 to 7 June 1935. He led a National Government from 1931.
mace	Ceremonial staff of office, borne by an office holder and sometimes used to indicate that a council or parliament is in formal session.
Macedonia	East European state which became independent of Yugoslavia in 1993. It was first known as Former Yugoslav Republic of Macedonia to distinguish it from the ancient kingdom of Macedonia. Its currency is the denar of 100 deni. The UK has a double taxation agreement of 2006.
Macfarlane Trust	Trust established to provide ex gratia help to people who have been infected with HIV through contaminated blood or blood products used in the NHS. These payments are now made by MFET Ltd. Such payments are disregarded when determining entitlement to means-tested social security benefits. They are also exempt from income tax.
machine code	Instructions written in a form that can operate a computer or other machine.
machine games duty	Proposed tax alluded to in Finance Act 2011 s90.
machinery	Item for which a capital allowance may be claimed as plant and machinery. The element of a machine is that it has a moving part. It is not necessary that this is mechanically powered, so a manually operated device qualifies.
Macleod, Iain	Conservative politician (1913-1970) who was Chancellor of the Exchequer for just one month from 20 June 1970 to 20 July 1970 when he died of a heart attack. He never presented a Budget though he worked on the one later

presented by Anthony Barber.

He was Shadow Chancellor from 11 November 1965 to 20 June 1970.

Macmillan, Harold

English Conservative politician (1894-1986) who was Chancellor of the Exchequer from 20 December 1955 to 13 January 1957 in the government of Sir Anthony Eden. He cut bread and milk subsidies, and introduced premium bonds. He was prime minister from 10 January 1957 to 18 October 1963.

Macmillan Cancer Support

Charity formed by Douglas Macmillan in 1911 as the Society for the Prevention and Relief of Cancer. Its present name was adopted in 2006. The charity provides local information and support centres, cancer support groups, benefit advisers and cancer support specialists.

Mac OS

Operating system for Apple Mac computers.

Macq

Macqueen's Reports, Scottish law reports of House of Lords from 1851 to 1865.

macro-economics

Study of economics on a large scale, such as for an entire country or for the whole world.

“The study of overall economic headlines e.g. inflation, trade, output and the level of employment” (HM Treasury glossary).

macroeconomic stability

Requirement for the world's financial systems to function properly. The term was extensively used in the 2008/09 financial crisis.

MAD

(1) Market Abuse Directive.
(2) **Mean absolute deviation.**
(3) **ISO code** for Moroccan dirham.

Madagascar

Island state in Indian Ocean. Its currency is the ariary of five iraimbilanja. The UK has no double taxation treaty.

mad monarch

Provision in a constitution designed to remove a leader who appears to have lost mental capacity to act rationally or responsibly.

- mad money** Emergency **stash** to insulate a person from **dependency**. Examples include a stash by a woman planning to leave her husband or by an employee about to leave work.
- made-wine** Term which is no longer used, but which has been used in two different contexts for **alcoholic liquor** duty.
Before 15 March 1988, made-wine meant any drink made from fermenting a fruit other than grapes, apples or pears.
Between 1 January 1997 and 26 April 2002, the term was used for any drink made from mixing **spirits** with non-alcoholic drinks (commonly known as **mixers**). Examples of these made-wines include **alco-pops** and ready mixed gin and tonic.
- made-wine** “Means... any liquor which is of a strength exceeding 1.2% and which is obtained from the alcoholic fermentation of any substance or by mixing a liquor so obtained with any other liquor or substance but does not include wine, beer, black beer, spirits or cider” (Alcoholic Liquor Duties Act 1979 s1(5)).
- Madoff, Bernard** American stockbroker (born 1938) who perpetrated the world's largest **Ponzi fraud**. About \$65 billion was missing from client accounts.
Many of his victims were fellow members of the Jewish community, making it the world's largest **affinity fraud**.
He pleaded guilty to 11 felonies in March 2009 and was imprisoned for 150 years.
- MAFF** Ministry of Agriculture Fisheries and Food. It is now the Department of Environment, Food and Rural Affairs (DEFRA).
- mag** Old slang term for a halfpenny or farthing.
- magazine** *Periodical*
If a magazine is issued at least once a year, it may be zero-rated under Value Added Tax Act 1994 Sch 8 Group 3. Details are given in VAT notice 701/10.
Explosives
Gunpowder must generally be kept in a proper store or

magazine (Explosives Act 1875 s6). There are Customs restrictions in importing and exporting such a magazine.

magazine distributor

A magazine distributor who bought magazines from publishers and sold them to wholesalers was making a zero-rated supply of magazines for VAT purposes, and not a standard-rated supply of marketing and distribution services (*Oldhams Distribution Pergamon Holdings Ltd [1990] VTD 6295*).

Magdalene laundries

Form of asylum run by Roman Catholic church in what is now the Irish Republic from 1765 to 1996. They were run on similar lines to a workhouse with tacet government support. Over their lifetime, they accommodated about 30,000 women, mainly unmarried mothers. In 2013, the Irish government agreed compensation for the 600 survivors of between €11,500 and €100,000. Survivors also receive an increase in pension of up to €230 a week.

maggots

For VAT, these cannot be zero-rated as food for edible animals, as they are used to catch fish rather than to feed them. *Fluff Ltd (t/a Mag-It). QB [2000] STC 674*.

magistrate

“A person who acts as a judge in a magistrates’ court” (website of Crown Prosecution Service).

magistrates’ court

“has the meaning assigned to it—
(a) in relation to England and Wales, by section 148 of the Magistrates’ Courts Act 1980;
(b) in relation to Northern Ireland, by Article 2(2) of the Magistrates’ Courts (Northern Ireland) Order 1981.” (Interpretation Act 1978 Sch 1).

Magna Carta

Law originally passed in 1215 to restrict the power of the king and lords. One of its provisions established that only parliament may levy tax.

Magna Carta was re-enacted in 1297, parts of which are still law.

magna est veritas et praevallebit

Latin: truth is great and will prevail.

magnate	Person of wealth and power.
magnum	Champagne bottle with a capacity of two standard bottles.
magnum bonum	Latin: great and good, a term sometimes used for choice produce.
Mai	Welsh: May
MAIB	Marine Accident Investigation Branch.
maid credit	Name given to Swedish tax provision whereby the cost of employing nannies and other domestic services is tax-deductible. The UK prime minister was reported to be considering it in February 2012.
maiden name	<p>Name by which a woman was known before she was married.</p> <p>There is no law which requires a woman to adopt her husband's surname and many women choose not to.</p> <p>Where the convention is followed, UK and US practices differ. If Mary Ann Smith marries Harry Jones, she would be Mary Ann Jones under the UK convention, but Mary Jones Smith under the US convention.</p> <p>However, it is stressed that these are merely conventions, and the woman is entitled to use whatever name she wishes.</p>
maiden stakes	In horse racing, prize in a race between horses which have not previously won.
mail	<p>(1) Correspondence and other items sent by post. The term originally referred to the bag in which such items were carried.</p> <p>(2) Old Scottish term for rent or payment.</p> <p>(3) Obsolete term for a halfpenny.</p>
mail-bag	Container for carrying mail.
mail-box	American term for a letter box.

mailing list	List of names and addresses to whom information is posted.
mail order	The same as distance selling .
mail pack	Package comprising a letter and leaflets. In a VAT case, the tribunal held that the cost could be apportioned between the zero-rated leaflets and the standard-rated letter (<i>Charterhill Marketing Ltd [2004] VTD 18144</i>).
main	Game of hazard; calling a number between 5 and 9 before throwing dice.
main chance	Colloquialism for a profitable opportunity. The term is believed to come from a dice game called hazard.
main compensating product	The product which results from the processing of goods imported under Inward Processing Relief . The main compensating product is the product which forms the basis of the IPR authorisation and which is to be exported.
main contract	Consumer contract that is not a secondary contract (Consumer Rights Act 2015 s72(1)).
main door	Direct entrance to a premises, as against an entrance to a common part such as a corridor or lobby.
main duty	In the context of a large company's senior accounting officer , "to take reasonable steps to ensure that the company established and maintains appropriate accounting arrangements " (Inspector's Manual at SAOG 24000). The main duty is explained further at SAOG 14000.
Main Estimates Act	Supply and Appropriation (Main Estimates) Act 2015.
mainly trading subsidiary	"Subsidiary which, apart from incidental purposes , exists wholly for the purpose of carrying on one or more qualifying trades..." (Income Tax Act 2007 s137(7) and 181(8)).

main market	The stock exchange operated by London Stock Exchange for companies will comply with its strict admittance rules , as opposed to the Alternative Investment Market .
main objects rule	<p>In company law, the main purpose for which a company was formed, as set out in the memorandum of association. Other objects are regarded as subsidiary.</p> <p>If the main object no longer exists, the company may be wound up. Modern practice avoids this either by making all objects independent, or by registering the company as a general trading company.</p>
main phase	<p>Period for which employment support allowance is paid after the assessment period, usually of 13 weeks.</p> <p>During the main phase, the basic allowance may be supplemented by either the support component or work-related activity component.</p>
main primary percentage	<p>The rate of class 1 national insurance paid by employees on their earnings between the earnings threshold and upper earnings limit. The equivalent paid by the employer is known as the main secondary percentage.</p> <p>The terms are contained in National Insurance Contributions Act 2002. They were required to allow for the additional 1% class 1 national insurance introduced on earnings above the upper earnings limit, which are known as the additional primary percentage and additional secondary percentage.</p>
mainprise	Archaic legal term for a suretyship for the appearance of a prisoner.
main purpose rule	<p>In law, principle in interpreting an exclusion clause in a contract. This principle is that a clause must not be interpreted to defeat the main purpose of the contract.</p> <p>In <i>Glynn v Margetson [1893]</i>, Lord Halsbury said, "looking at the whole of this instrument, and seeing what one must regard... as its main purpose, one must reject words, indeed whole provisions, if they are inconsistent with what one assumes to be the main purpose of the contract".</p>
main rate activity	In relation to capital allowances in Northern Ireland, means such activity that is not NI rate activity (Capital

Allowances Act 2001 s66B(5)).

main rate car

For capital allowances, "means
(a) a car that is first registered before 1 March 2001,
(b) a car that has low CO₂ emissions, or
(c) a car that is electrically propelled"
(Capital Allowances Act 2001 s104AA).

main register

In company law, the main **register of members** as against an **overseas branch register** (Companies Act 2006 s131(1)).

main residence

A person's principal home which qualifies for relief from capital gains tax (Taxation of Capital Gains Act 1992 s222(5)).
~

"in order to qualify for the relief a taxpayer must provide evidence that his residence at a property showed some degree of permanence, some degree of continuity or some expectation of continuity."
Goodwin v Curtis. CA [1998] STC 475

main residence relief

Relief from capital gains tax for the main residence of a taxpayer or a taxpayer and spouse or civil partnership. The relief is given by Taxation of Capital Gains Act 1992 s222.

Where this relief applies, the residence is automatically outside the scope of anti-avoidance provisions for transactions in land (Income Tax Act 2007 s767).

mains

(1) Electrical supply from a national supply, as against from a battery or other source.
(2) Scottish term for a home or farm.

main secondary percentage

Rate of class 1 national insurance payable by an employer on an employee's earnings which lie between the **earnings threshold** and the **upper earnings limit**.

mains services

Part of a building (Capital Allowances Act 2001 s21(3) List A).

mainstream Chapter 2 surrenderable loss

In relation to corporation tax in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357PC(3)(b).

mainstream contractor

In **Construction Industry Scheme**, a person who carries on a business of construction operations (Finance Act 2004 s59(1)).

Unlike a **deemed contractor**, a mainstream contractor must register regardless of turnover.

mainstream corporation tax (MCT)

Total corporation tax paid by a company, including any **advance corporation tax** (which is generally abolished from 1999).

mainstream qualifying land remediation loss

In relation to corporation tax in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357QB(3)(b).

maintain

In finance, to provide funds on a continuing basis, such as to support a partner or a child, or for a charity or a project.

maintain charge

Function in HMRC **SAFE** computer system to post or amend a standover charge (Inspectors' Manual at DMBM 121020).

maintained school

"A community, foundation or voluntary school, a community or foundation special school or a maintained nursery school" (Childcare Act 2006 s106).

"Any of the following schools in England:

- (a) a community, foundation or voluntary school,
- (b) a community or foundation special school, or
- (c) a maintained nursery school"

(Education and Inspections Act 2006 s59).

maintenance

Payment made by a person to support a former husband, wife or civil partner, or by a person to support a child.

A **maintenance payment** may attract income tax relief.

Payments of **family maintenance** are excluded from the scope of inheritance tax (Inheritance Tax Act 1984 s11).

maintenance calculation	Calculation made to determine the amount of maintenance payable for a child (Income Tax Act 2007 s454(8)).
maintenance deduction	Amount of tax relief that could be claimed before 6 April 1988 for small maintenance payments . All such payments are now made gross.
maintenance funds for historic land and buildings	Form of discretionary trust established for the maintenance of specified lands and buildings. Such funds are relieved from the various tax charges that would otherwise apply to such a fund.
maintenance margin	In investment, the lowest amount of funds a broker will allow a counterparty to maintain when trading on margin.
maintenance order	Notice which a Scottish local authority may serve on the owner of a house in a housing renewal area requiring the property to be maintained to a reasonable standard (Housing (Scotland) Act 2006 s42).
maintenance payment	Payment to or for a former spouse or civil partner or child. A tax reduction equal to 10% of the payment may be allowed under Income Tax Act 2007 s453.
maintenance trust	A tax-advantaged discretionary trust established to maintain a historic building, work of art or similar.
main transgressor	Term used in relation to disqualifying someone who instructs an unfit director. The term is defined in Company Directors Disqualification Act 1986 s8ZA(1) as inserted by Small Business, Enterprise and Employment Act 2015 s105.
Major, John	English Conservative politician (1943-) who served as Chancellor of the Exchequer from 26 October 1989 to 28 November 1990 in the government of Margaret Thatcher whom he succeeded as prime minister until 1997. Major presented only one Budget, in which he introduced the TESSA and joined the EU exchange rate mechanism.
major audit	Audit which is either of a listed company or where "there is a major public interest" (Companies Act 2006 s525(2)).

A major public interest is determined by guidance from the Secretary of State.

major change in nature of trade

When an existing business makes a major change in the nature or conduct of its business. Such a change can restrict the ability to claim loss relief across the date of change. Guidance is given by HMRC in statement of practice SP 10/91. A major change must be more than "significant" but does not have to be "fundamental".

major infrastructure project

Major planning project such as an airport or power station, for which different planning procedures apply (Town and Country Planning Act 1990 s76A).

major interest

For companies, "A has a major interest in B at any time, if at that time

(a) A and one other person (C), taken together, have **control** of B, and

(b) A and C each have interests, rights and powers representing at least 40% of the holdings, rights and powers as a result of which A and C are taken to have control of B"

(Corporation Tax Act 2009 s473).

The section continues to explain how a major interest can exist when there are subsidiaries.

major interest in land

This means either a freehold interest or a lease on which there is at least 21 years to run.

For VAT, "in relation to land, means the fee simple or a tenancy for a term certain exceeding 21 years, and in Scotland means the interest of the owner, or the lessee's interest under a lease for a period of not less than 20 years" (Value Added Tax 1994 s96(1)).

Such a supply may be zero-rated for VAT under Group 5.

majority

At least half of a defined population, such as voters.

Majority Report

This specifically refers to a report of 1909 into the working of the **poor laws**. It recommended that poverty originates in immorality, the poor laws should remain and that too much outdoor relief was provided. A Minority

Report was also published. Neither was acted upon.

majority shareholder

Shareholder who owns or controls at least 50% of the company's shares.

majority stake

Holding of more than 50% in any enterprise. This allows the holder to exercise control over the enterprise as he can outvote all other holders.

Company law provides exceptions for some special resolutions which require a **super-majority** (usually 75%), and also protects minorities from abusive behaviour.

majority verdict

Verdict of a jury that is not unanimous.

major medical expense insurance

Insurance that pays out for certain types of surgery, but not for other forms of medical treatment or illness or injury.

major public interest

Declaration made by the Secretary of State in respect of an unlisted company. Where such an interest is declared, the audit of the company is a **major audit**. This means that if the auditor is obliged to resign that position, he must state his reasons to the Secretary of State under Companies Act 2006 s523, rather than to his professional body.

major sporting event

Finance Act 2014 s48 allows the Treasury to make regulations to exempt participants from liabilities to pay income tax and corporation tax.

Make Poverty History

Debt reduction campaign of 2005, designed to eliminate unpayable debt of poor countries, to lift those countries out of poverty.

maker of manufactured payments

For the purposes of the **accrued income scheme**, this term is defined in Income Tax Act 2007 s647.

make-weight

Small item added to goods (particularly loose fold) sold to ensure that it is not below the agreed weight.

making an investment

Term used in Income Tax Act 2007 s336 and Corporation Tax Act 2010 s221 in relation to **community investment**

tax relief.

Sub-section 1 states that “an individual makes an investment in a body at any time when —

(a) the individual makes a loan (whether secured or unsecured) to the body, or

(b) an issue of securities or of shares in the body, for which the individual has subscribed, is made to the individual”.

making a price

In investment, to quote a buying and a selling price for a security.

making sausage

Business jargon for discussing potential financial gains in front of a customer.

making work pay

Political basis for ensuring that social security benefits are always less than payment that can be earned from working. It was the main slogan behind the introduction of universal credit.

Making Tax Digital (MTD)

HMRC publication of December 2015, outlining proposals for greater use of technology in tax administration over the following five years.

mala fide

Latin: in bad faith.

mala fides

Latin: bad faith.

mala grammatica non vitiat chartam

Latin: bad grammar does not vitiate a deed.

mala in se

Latin: bad in itself.

This term means an act which is bad in itself, such as murder, rather than **mala prohibita** deriving its badness from context, such as smuggling.

mala praxis

Latin: bad practice. The term is commonly used when a doctor injures a patient by neglect or lack of skills. This is actionable.

mala prohibita

Latin: bad by prohibition.

This term refers to an act which is not **mala in se**, that is not bad in itself, but is bad only by being

prohibited.

maladministration

Incompetent or bad administration, particularly in a public body.

Malawi

African country. Its currency is the kwacha of 100 tambala. The UK has a double taxation agreement of 1955 amended by a protocol of 1978.

A pension paid from this country may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s643.

Malysia

Eastern country. Its currency is the Malysian dollar or ringgit of 100 sen. The UK has a double taxation agreement of 2010 amended by a protocol of 2010.

Malaysian dollar

Currency of Malaysia.

Malaysian ringgit

Another name for **Malaysian dollar**.

Malcolm II

King of Scotland from 1016 to 1034.

Malcolm III

King of Scotland from 1058 to 1093.

Malcolm IV

King of Scotland from 1153 to 1165.

Maldives

State of islands in Indian Ocean. Its currency is the rufiyaa of 100 laarees. The UK has no double taxation treaty.

maledicta expositio quae corrumpit textum

Latin: it is a bad exposition which corrupts the text.

male servant tax

Excise duty charged from 1777 to 1885 at one guinea for every servant kept.

male servant duty

Duty imposed on male servants by Revenue Act 1869 and repealed by Finance Act 1937 s5.

malfeasance

Commission of an act which is unlawful.

This should be distinguished from:

- non-feasance: failure to do what the law requires; and
- misfeasance: doing what the law requires

improperly.

Mali	African country. Its currency is the CFA franc of 100 centimes. The UK has no double taxation treaty.
malice	<p>In law, the nature of a wrongful act intentionally carried out without just cause.</p> <p>It is an element in several offences, such as malicious prosecution, and malicious falsehood.</p>
malingering	Feign sickness to avoid duty.
mall	Pedestrianised shopping area.
Mallalieu v Drummond	Leading case from the House of Lords on allowability of personal expenditure. It concerned the plain skirts and blouses a lady barrister was obliged to wear in court. It held that the clothes had a dual purpose and so were not allowable. It was not relevant that she chose not wear such ordinary clothing other than for court appearances. Its full citation is <i>Mallalieu v Drummond</i> [1983] 57 TC 330.
malmsey	Strong sweet wine, originally from Greece and Spain.
malmsey duty	An excise duty first introduced in 1490 on this sweet wine.
malt	Grain widely used to make alcoholic drink.
malt duty	Excise duty charged between 1697 and 1880 as an indirect means of taxing beer. It was abolished in June 1880 when beer duty was reinstated.
Malta	European country and member of the European Union. Its currency is the euro of 100 cents. The UK has a double taxation convention of 1994.
Maltese lira	Currency of Malta.
malt extract	Regulations regarding the grading and marking of such extract is apparently still governed by SI 1936 No 309.
Malthusian Doctrine	Doctrine that the population tends to outrun the means of its own subsistence. The doctrine was postulated by

	the Revd T R Malthus (1766-1834).
maltote	An additional export tax charged between 1294 and 1297. Some forms of it continued into the 14th century.
malum in se	Latin: wrong in itself.
malum prohibitum	Latin: what is wrong just because it is prohibited.
malversation	Misbehaviour in office, such as bribery and embezzlement.
Mamlakat al-Babrayn	Arabic: Kingdom of Bahrain.
MAMA	Models and Managers Association.
Mammon	God of this world, as personified by a desire for wealth. The Bible teaches "you cannot serve God and Mammon" (Matthew 6:24; Luke 16:13).
managed account	Investment account run on behalf of a client according to their general instructions.
managed currency	Currency whose exchange rate is not determined solely by market forces but is influenced by actions from a government, central bank or similar authority.
managed fund	A pooled investment fund which is actively managed by a fund manager . Often, investment is only possible through a linked life insurance policy issued by the insurance company which is managing the fund.
managed migration	Term used by Department of Work and Pensions to refer to the migration of claimants to universal credit from other means-tested benefits. The process runs from 2013 to 2019.
managed on a unified basis	"Two or more undertakings are managed on a unified basis if the whole of the operations of the undertakings are integrated and they are managed as a single unit. Unified management does not arise solely because one undertaking manages another" (FRS 2 para 12).

managed payment plan

Scheme introduced in April 2011 allowing payment of tax to be made over several months instead of in a single payment.

Some payments are made in advance of the due date and some in arrear. Provided the plan has been followed, no penalty is charged for late payments after the due date.

managed rate

Rate of interest charged or offered on investments which is neither predetermined nor related to base rate, but is fixed by management.

managed service company (MSC)

A company where:

“(a) its business consists wholly or mainly of providing (directly or indirectly) the services of an individual to other persons,

(b) payments are made (directly or indirectly) to the individual (or associate of the individual) of an amount equal to the greater part of all the consideration for the provision of the services,

(c) the way in which those payments are made would result in the individual (or associates) receiving payments of an amount (net of tax and national insurance) exceeding that which would be received (net of tax and national insurance) if every payment in respect of the services were employment income of the individual, and

(d) a person who carries on a business of promoting or facilitating the use of companies to provide the services of individuals (“an MSC provider”) is involved with the company” (Income Tax (Earnings And Pensions) Act 2003 s61B(1)).

PAYE provisions are given in PAYE regulations SI 2003 No 2682 from reg 97ZA.

This term was introduced on a change in the law in 2007. This extends the scope of **IR35 regulations** to a company that provides the personal services of individuals to other companies on the basis that would otherwise be similar to employment.

The allowable expenses for such a company are given in Corporation Tax Act 2009 s141.

managed unit trust	Another term for managed fund .
management	<p>Collective term for those persons responsible for the day-to-day running of a business.</p> <p>Accounting standards (such as FRS 8) distinguish between management and control. Both involve running a business or, to be more precise, power over assets. The distinction is that a person exercise management when this power is exercised for someone else's benefit, and control when exercised for his own benefit.</p> <p>Management developed during the 19th century when railway companies, and later banks, became too large to be run by the people who owned them. Business management is now a separate discipline.</p>
management accounting	Reporting accounting information within a business, for management use only.
management added prize money	In bingo, the amount by which the total value of prizes won in a week exceeds the stake money less duty.
management buyin (MBI)	Purchase of a company by outsiders who provide new management.
management buyout (MBO)	<p>Acquisition of a business by people who work there.</p> <p>Such an acquisition is often funded externally. As the new management will intimately know the business, this can be an attractive prospect for investors and lenders.</p> <p>For accounting and tax purposes, an MBO is simply a takeover of an existing business.</p>
management charges	<p>These are tax deductible, provided they are commercially justified and reasonable in amount.</p> <p>They may be investigated if it appears they are being used to manipulate loss relief.</p> <p>If the companies are in different tax jurisdictions, they also may be investigated for transfer pricing. Notes are given in the Inspectors' Manual at BIM38230.</p>
management committee	Body elected by partners to run their partnership. The relationship between a member of a limited liability partnership and this committee can be a factor in

determining whether the member should be taxed under PAYE. The matter is explained in an HMRC Technical Note of 10 December 2013.

management control system A system of organisational information gathering, accountability and feedback. It is designed to ensure that the enterprise adapts to changes in its substantive environment and that the work behaviour of its employees is measured by reference to a set of operational goals so that the discrepancy between the two can be reconciled and corrected.

management expenses The term has a specific meaning in relation to loss relief in Corporation Tax Act 2010 s103.

management fee In investment, charges made by the managers of a fund.
In relation to disguised investment management fees, this term is specifically defined in Income Tax Act 2007 s809EZB as inserted by Finance Act 2015 s21.

management group Group of financial institutions that co-ordinate with a lead manager in the pricing and distribution of the issue of new securities.

management letter Letter often sent by accountants to a business before issuing an audit report, setting out suggestions as to how the accounting and internal control procedures could be improved.

management receiver Person appointed under a **restraint order** to receive property (Proceeds of Crime Act 2002 s48).

manager of the authorised investment fund
In relation to chargeable gains of an insurance company, this term is defined in Taxation of Capital Gains Act 1992 s210C.

Managing Deliberate Defaulters (MDD)

Scheme launched by HMRC in 2011. It involves closer monitoring of tax defaulters, namely anyone who has incurred a penalty for deliberate tax evasion. The close scrutiny lasts until HMRC is satisfied that the person's tax affairs are in order. This is usually between two and five years.

Further details are given on HMRC factsheet CC/FS14.

managing director	Person who is the most senior manager in a business.
managing trustees	Trustees who manage an organisation on a day-to-day basis, unlike holding trustees.
managing underwriter	American term for a lead underwriter .
manat	Currency of Turkmenistan.
Manchester School	Group of free traders in mid-19 th century who sponsored the Anti-Corn League.
mancipation	In Roman law, a legal transaction effected by an actual or symbolic sale.
mandamus	<p>Writ ordering a person to discharge a legal duty.</p> <p>An order cannot be made on the Crown (government) itself, but can be made against a minister. An example of this is <i>R v Secretary of State for Social Services, ex parte Grabaskey</i>. <i>The Times</i> 15 December 1972. A mandamus order can only direct that a duty be carried out; it cannot direct <i>how</i> that duty is to be discharged.</p>
mandarin	Colloquialism for a senior servant, particularly one who is pompous and officious. The term was originally a Portuguese term for Chinese officials.
mandatarius terminos sibi positos transgredi non potest	Latin: a mandatory cannot exceed the limits imposed upon him.
mandate	<p>(1) Instructions to the bank on who may sign cheques.</p> <p>(2) Authority claimed by a successful political party to implement its manifesto after winning an election.</p>
mandatory bid	Compulsory bid, particularly the requirement to mount a takeover bid when someone owns 30% or more of the shares of a listed company.

mandatory e-filing	Requirement that certain tax returns must be filed electronically and not on paper. The power to require this is Finance Act 2002 s135.
mandatory greenhouse gas reporting	<p>This was introduced in 2013. It aims to allow investors to incorporate emissions, energy and other resource efficiencies into analyses and provide shareholders and other stakeholders with better environmental disclosure. It also contributes to the government's emission reduction objectives through increasing the number of companies reporting on carbon.</p> <p>It requires all UK quoted companies to report on their greenhouse gas emissions as part of their annual Directors' Report.</p> <p>The requirement affects all UK incorporated companies listed on the main market of the London Stock Exchange, a European Economic Area market or whose shares are dealing on the New York Stock Exchange or the American/Canadian stock exchange NASDAQ.</p>
mandatory quote period	Term used on the London Stock Exchange during which security prices must be displayed.
mandatory terms	Terms that the law requires in a consumer contract (Consumer Rights Act 2015 s73).
mandavi ballivo	Latin: I have commanded the bailiff.
Manes	<p>Spirit or ghost of a dead person under Roman mythology.</p> <p>To "appease his Manes" means to observe such legacy, disposition of property, or funeral practice as would have pleased the deceased.</p>
Man Friday	<p>Faithful, willing and versatile attendant.</p> <p>The term comes from a character of that name in <i>Robinson Crusoe</i>.</p>
man hour	Work done by one man (or woman) in one hour.
manifest	List of passengers or cargo carried on an aeroplane or ship. The term can refer to an invoice for cargo.

manifesto	Public declaration of the policies of a political party or other person seeking office.
manilla	(1) Strong paper, usually brown, used for envelopes and packaging. Originally the paper came from the abaca plant. (2) West African bracelet that can be used as a form of money.
manille	In certain card games such as ombre and quadrille, the highest card but one.
manipulate	Contrive to make different, particularly when accounts are subject to creative accounting to make the underlying entity seem healthier.
manipulation of price	Artificial arrangements that affect a price to achieve a tax saving. There are anti-avoidance provisions to counter this, such as in Taxation of Capital Gains Act 1992 s151D.
mana from heaven	Unexpected provision or benefit. The term comes from the food God showered on the Israelites in the wilderness (Exodus 16:15, the Bible).
manners-bit	Old term for the practice of a guest leaving some food on a plate to indicate to the host that the food provided was more than adequate.
Manninen claim	Claims for tax relief on cross-border dividends paid within the EU. The name comes from the leading case C-319/02.
man of straw	Person who has little wealth, particularly when engaged in such activities as fighting a legal action where the other party stands little prospect of recovering costs.
manor	Self-contained estate of a local lord.
manpower	Number of people or quantity of man hours available or required.
manpower forecasting	Process of calculating how many people will be required and how many will be available.

manpower planning Process of planning to have sufficient workforce available when required.

Manpower Services Commission (MSC)

Non-departmental body of Department of Employment created in 1973 to co-ordinate employment and training in the UK. It pioneered **Youth Training Scheme (YTS)** and other programmes.

It started to be wound down from 1987, was briefly branded the Training Agency, before being replaced by **training and enterprise councils (TECs)** in 1990. These were themselves replaced in 2001 by the **Learning and Skills Council**. This was itself abolished in April 2009 and replaced by **Young Peoples Learning Agency**.

manse Ecclesiastical residence, particularly of a minister in the Church of Scotland.

mansion Large house. The term originally meant a halting place or inn.

Mansion House Official residence of the Lord Mayor of London.

mansion tax Name given to a tax proposed by Vince Cable MP at the Liberal Democrat party conference in 2009. The proposal was to introduce a wealth tax of 0.5% on properties worth more than £1 million each year. In 2014, the Labour party proposed a similar tax. Neither was introduced.

mansuetae naturae Latin: tame by nature.
Description of animals such as a cow, horse or dog.

mantissa Fractional part of a **logarithm**.

mantolen Welsh: balance sheet.

manual seal Seal applied by hand, as from a signet ring.

manual tagging Insertion of iXBRL tags on corporation tax other than **automatic tagging**.
Tags are entered from a list either from that supplied free by HMRC for simple companies, or from commercial software. The use of these tags is compulsory

from 1 April 2011.

manual transmission

Arrangement in a car where the gear is selected by the driver using a gear lever, as against **automatic transmission** where the gear is determined according to the speed of the vehicle.

A driver who passes a test in car with manual transmission may drive cars with either manual or automatic transmission.

manufacture

For the purposes of Customs preference, this covers any processing, working, specific operations or assembly (except for certain minimal processes) carried out in the manufacture of the product in the European Union (EU).

manufactured dividend

Payment due under a contract to replace a dividend that the recipient would otherwise have received. An example is when shares have been "lent" to another person or business. These arrangements have been used for tax avoidance.

Since 1960, there have been provisions to counter such arrangements by treating a manufactured dividend (whether or not actually paid) as if it were a real dividend.

The formal procedure for manufactured dividends came into force on 25 February 1992, with detailed regulations from 29 June 1992.

The income tax treatment is given in Income Tax Act 2007 from s573.

Capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s263D.

manufactured gas plant

Place where **coal gas** was produced.

manufactured interest

Payment made which is the equivalent to interest on loan without legally being such.

The corporation tax implications are set out in Corporation Tax Act 2009 from s539; the income tax implications in Income Tax Act 2007 from s578.

manufactured interest relationship

Relationship between two parties where one pays **manufactured interest** to the other (Corporation Tax Act 2009 s539(6)).

manufactured overseas dividends

The tax position is explained in Income Tax Act 2007 s581.

manufactured payments

Payments that are the equivalents of dividends and other distributions, but without being within the definition.

Income tax provisions are set out in Income Tax Act 2007 from s572.

manufactured payments contract

For the purposes of the **accrued income scheme**, this term is defined in Income Tax Act 2007 s647.

manufacturing

In economics, the section of industry which makes products, as against those which provide services.

manufacturing equipment

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

manufacturing profit

Difference between the cost of buying in an item as against making it in-house.

manumission

Legal process of freeing a slave.

manuscript

Any document which is hand-written.

The term is also used for documents which have been personally produced on a typewriter or word processor.

manuscript accounts

Accounts which are written by hand on paper, as against accounts kept on a computer or other machine.

manuscript paper

Paper that is ruled with five-lined staves for writing music.

As blank paper, it is standard-rated as stationery. If sold as finished music, it may qualify for zero-rating under Value Added Tax Act 1994 Sch 8 Group 3 as explained in VAT notice 701/10.

Maoism

Form of Communism advocated by Mao Tse-Tung of China.

MAPPA	Multi-Agency Police Protection Arrangements.
maps	For VAT, maps are zero-rated under Value Added Tax Act 1994 Sch 8 Group 3, provided that they are designed to present the natural or artificial features of countries, towns, seas or the heavens. They may be produced on any material, and may be a single sheet, in a book or folded. Framed maps and decorative maps are standard-rated. Further details are given in VAT notice 701/10.
MAR	Market Conduct Sourcebook, published by the Financial Services Authority.
maraud	Roam in the quest of plunder.
Marché à Terme Internationale de France (Matif)	France's financial future exchange. It is now part of Euronext.com.
marches	Border marks, particularly between England and Scotland.
marching orders	Colloquialism for the dismissal of a person.
marchioness	Wife of a marquis.
MARD	Mutual Assistance Recovery Directive.
Mardi Gras	French for Shrove Tuesday, applied to festivals celebrated on that day.
MARD-related instrument	"Means any EU instrument (including one made after the passing of this Act) that lays down detailed rules for implementing MARD" (Finance Act 2011 Sch 25 para 16).
mare clausam	Latin: closed sea, namely a sea wholly within the jurisdiction of one state.
mare liberum	Latin: free sea, namely a sea that is open to navigation to all states.
mare's nest	Something that appears to be a great discovery but proves not to be.

Mareva injunction	<p>Order of a court that prevents a person transferring assets to outside the country. They are usually now called freezing orders.</p> <p>The name comes from the case <i>Marevia Compania Naviera SA [1980] 1 All ER 213. CA</i>.</p>
Margaret	<p>Queen of Scotland from 1286 to 1290, when she died aged 7.</p>
margin	<p>(1) The amount by which the selling price of an item exceeds the price paid on its purchase.</p> <p>(2) The edge, particularly of a sheet of paper or of society.</p> <p>(3) The term is occasionally used to mean a variance from standard that is tolerated by management.</p>
margin account	<p>Account with a broker where the client may purchase securities by depositing only a portion of the funds needed in advance.</p>
marginal analysis	<p>In statistics and management mathematics, analysis at the edge. This may be used to determine whether it is worth adding a new product to a range.</p>
marginal cost	<p>Cost of producing one <i>additional</i> item.</p> <p>This figure is often used to determine whether to accept an <i>additional</i> order after existing orders have in effect recovered all the overheads through normal sales.</p> <p>For example, if a factory costs £1 million in overheads to run, and produces 1 million items where the labour and materials cost 40p each, the direct cost is £1.40, including £1 contribution to overheads. If it makes one extra item, it does not need to make any further contribution to overheads, so the marginal cost is just 40p.</p>
marginal costing	<p>Costing which uses marginal costs, such as calculating the contribution each item makes to overheads.</p>
marginal decision	<p>Decision which is finely balanced.</p>
marginal items of pay	<p>Expenses and other elements of the remuneration package paid to an employee but of which the payroll department did not know at the time. HMRC guidance allows such items to be taxed and subjected to national</p>

insurance in the later pay period when discovered, except where to do so would affect an employee's benefit entitlement.

marginal land

Land where its planned use is barely justifiable, such as when the clean-up costs would consume any profit from development, or where farming is particularly difficult.

marginal pricing

Practice of determining the price of a product or service as the marginal cost plus a contribution to fixed overheads plus profit.

marginal propensity to consume (MPC)

Economic term for the proportion of the last pound earned that is spent on consumption. For example, if a person earns £1 more and consumes 70p of it, the MPC is 0.7.

marginal purchase

Purchase which the buyer thinks is just worth making.

marginal rate of tax

Definition

The marginal rate of tax is the rate of tax paid on the next pound earned. In the case of income tax this will increase as a person moves from one band to the next. For more details on the UK income tax system, you may want to look at the explanation of the tax system.

For **corporation tax**, the marginal rate (MR) is calculated as:

$$MR = \frac{(U \times M) - (L \times S)}{(U - L)}$$

where: U is the upper limit, L is the lower limit, and M and S are the main corporation tax rate and the small profits rate respectively, both as decimals (so 26% is 0.26).

The marginal rate for corporation tax is higher than the main rate. For the main rate of 26% and small profit rate of 20%, the marginal rate is 27.5%.

The marginal rate is expressed as a decimal, and so must be multiplied by 100 to become a percentage.

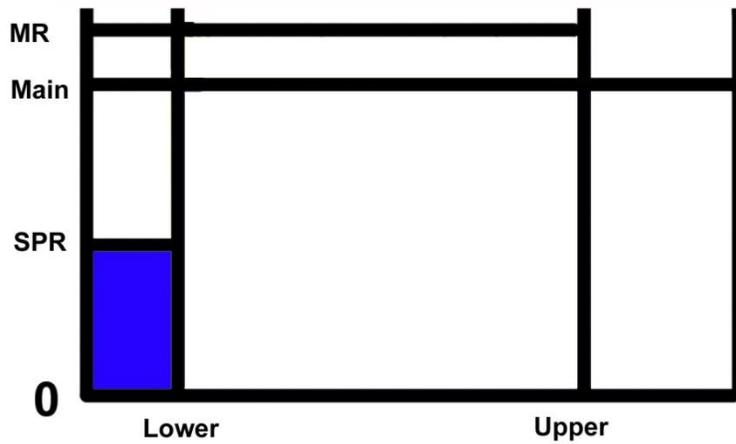
Explanation

While the upper and lower limits are £300,000 and £1,500,000 respectively (as they have been since 1994), the marginal rate is simply the main rate plus a quarter of the difference between the main rate and small profits

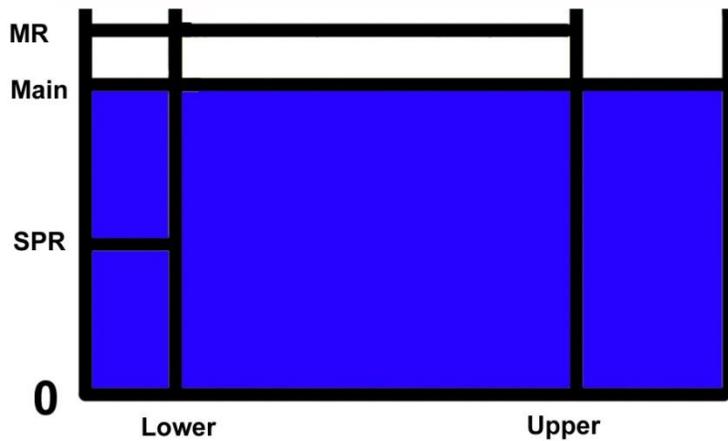
rate.

This can easily be shown by a chart. The vertical axis represents the rate of corporation tax; the horizontal axis represents the amount of taxable profit, and the coloured areas represent the amount of tax payable.

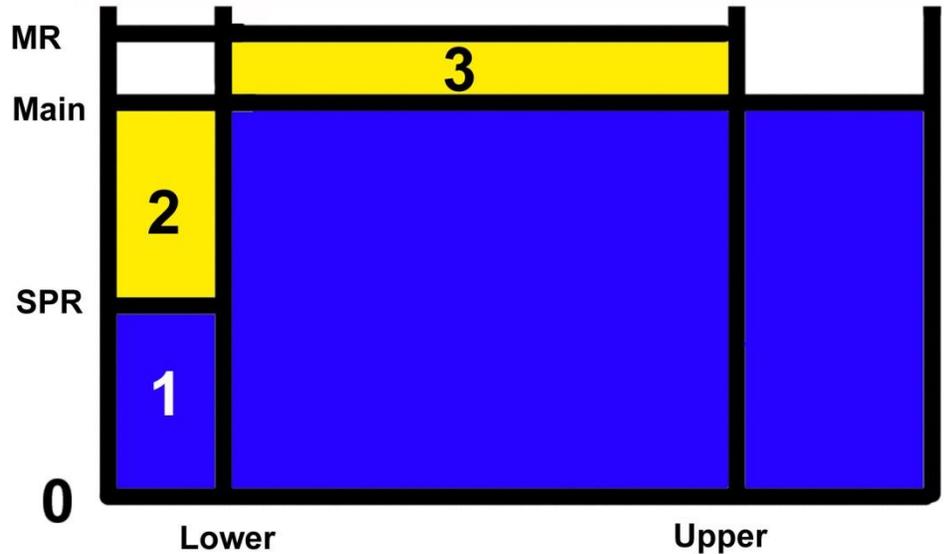
For profits up to the lower threshold, the tax is represented thus:



For profits above the upper threshold, the tax is represented thus:



It can be seen that that, in addition to charging the standard rate for all profits above the lower threshold, there needs to be some topping up of the tax payable on profits up to the lower threshold.



In the chart above, an additional amount of tax (area 3) must be imposed between the lower and upper thresholds to top up the tax paid below the lower limit (area 2).

To do this, area 3 must be the same size as area 2.

As the distance between the lower and upper thresholds is four times as wide as the distance from 0 to the lower threshold, area 3 is half the height of area 2. In other words, the additional tax payable under the marginal rate is one quarter of the difference between the two rates of corporation tax.

marginal relief

Amount by which the full rate of **corporation tax** is relieved when taxable profits lie between the lower and upper limits. The formula uses a **standard fraction**. The law is Corporation Tax Act 2010 s19.

The standard fraction is calculated as:

$$SF = \frac{(M - S)}{(U - L)/L}$$

where U is the upper limit, L is the lower limit, and M and S are the main corporation tax rate and small profits rate respectively, both as decimals (so 26% is 0.26).

In practice, the numerator and denominator are usually multiplied by 10, 50 or 100 to avoid having decimals in the answer. The numerator and denominator are calculated separately; the answer is not reduced to a decimal.

For the 2011/12 rates of 26% and 20%, the fraction is 0.06/4. This is more conveniently expressed as 3/200.

marginal retention rate	<p>The amount of income a taxpayer keeps after deducting taxes.</p> <p>If a taxpayer is subject to 20% income tax and 12% national insurance, their marginal retention rate is 68%.</p>
marginal revenue	<p>Income generated by selling one more item.</p>
mariage de convenance	<p>French: marriage of convenience, that is for money or position.</p>
marina	<p>For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).</p>
margin calculator	<p>Calculator which is particularly designed to calculate profit margins.</p>
margin call	<p>Request to a purchaser of an option or futures contract to make a further payment because a fall in the value of the underlying security has reduced the value of the original margin deposited.</p>
margin of safety	<p>Any additional facility to provide additional safety. In finance, this commonly refers to units of production which are certain to sell above the breakeven point.</p> <p>In management accounting, the term is sometimes given a specific meaning as an inflated figure for breakeven point to provide a margin of safety. For example, if a breakeven point is 1000 units for sales revenue to cover production costs, the margin of safety may be set at 1100 units.</p>
margin scheme	<p>Any financial arrangement which is related to the profit margin rather than turnover. In particular, it refers to a special VAT scheme for second-hand goods (Value Added Tax Act 1994 s50A).</p>
margin scheme package	<p>A single transaction which includes one or more margin scheme supplies. For example - a margin scheme supply sold together with an in-house supply or an agency supply.</p>

margin security	Security that may be bought on margin .
Marian year	Calendar system in use before 1752 where the year started on Lady Day, 25 March.
marine adventure	Risk incurred at sea, as defined in Marine Insurance Act 1906 s3
marine insurance	"A contract whereby the insurer undertakes to indemnify the assured, in manner and to the extent thereby agreed, against marine losses, that is to say, the losses incident to marine adventure " (Marine Insurance Act 1906 s1).
marine pilots' benefit fund	"Means — (a) a fund established under section 15(1)(i) of the Pilotage Act 1983, or (b) any scheme replacing such fund." (Finance Act 2004 s191(8)).
mariner	Term often used in tax law to mean a seaman .
marine store	Place where unwanted items from ships are kept. By extension, the term means a junk shop.
marine underwriter	Person who insures ships and their cargoes.
marine voyage	For hydrocarbon oil duty, "means a voyage in which the ship is at all times — (a) within the limits of a port, or (b) outside the United Kingdom" (Hydrocarbon Oil Duties (Marine Voyages Reliefs) Regulations SI 1996 No 2536 reg 2).
maritage	Historic right of a feudal superior to dispose of a vassal's heiress or heir in marriage, or to extract a fine.
marital acquest	Property acquired by a couple during their marriage. When the couple divorce, there is an assumption that the marital acquest will be divided equally unless there is good reason to the contrary. Assets brought by the parties to the marriage are usually viewed differently, though the court can order them to be shared also.

marital coercion	Defence to a criminal charge that a wife was pressured by her husband.
marital status	<p>Whether a person is married.</p> <p>Strictly a person is either married or not. However it usual to classify people as one of:</p> <ul style="list-style-type: none">• single (never married);• married (currently married);• widowed (husband or wife has died);• divorced or separated (marriage has ended but husband or wife is still alive):• civil partnership (relationship with a person of the same sex).
maritime	Pertaining to sea or to trade by sea.
maritime lawyer	Lawyer who specialises in matters to do with shipping.
Maritimes	Canadian provinces of Nova Scotia, New Brunswick and Prince Edward Island.
mark	<p>(1) German currency until the country adopted the euro in 2002. In 1945, the currency was divided with West Germany adopting the deutschmark and East Germany the ostmark. On reunification in 1990, the deutschmark was worth more than 100 times the ostmark.</p> <p>(2) Various older forms of coin in Germany and Finland.</p> <p>(3) Old weight equal to eight ounces. or the value of such weight in gold or silver. At one time, this was worth 13s 4d.</p>
mark banco	The German mark of fixed value used as a currency standard at the old bank in Hamburg.
mark-down	Item sold at a reduced price, particularly an item of food sold by a retailer as it nears its sell-by date .
marked gas oil (MGO)	<p>Gas oil on which hydrocarbon oil duty has not been paid. Customs notice 75 imposes conditions on its storage and use.</p> <p>It is a heavy oil of which not more than 50% by volume distils at a temperature not exceeding 240 degrees C and of which more than 50% by volume distils at a temperature not exceeding 340 degrees C. Marked</p>

gas oil also contains the prescribed markers quinizarin and Solvent Red 24 to allow for rebated off-road use.

marked kerosene (MKO)	Heavy oil of which more than 50% by volume distils at a temperature not exceeding 240C and contains the prescribed kerosene marker coumarin. It is normally used for home heating purposes where it is exempt from hydrocarbon duty.
market	<p>Any place or arrangement which allows people to buy and sell from each other.</p> <p>Profits from selling rights in a market, when run as a trade, are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).</p>
marketability	Ease with which an item can be sold.
market analysis	Study of a market, usually with a view to effective selling or investing.
market capitalisation	The value of a company as measured by the total stock market price of its issued and outstanding shares. This is calculated by multiplying the number of shares by the current market price of a share. It is also widely used as a definition of company size - hence, big corporations are usually referred to as large cap stocks (See also Small Caps)
market capitalization rate	Method of valuing the shares of a quoted company by using the return from the shares and dividing it by this rate.
market condition	“A condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price of the entity’s equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity’s equity instruments relative to an index of market prices of market prices of equity instruments of other entities” (FRS 102 glossary).

market day	Fixed day when a market is held in a particular place.
market development strategy	Selling an existing product/service in a new and developing market.
market economist	Person who specialises in the economics of stock markets.
market failure	When the free market does not allocate resources effectively, and intervention (usually from government) seems justified.
market for loanable funds	Money market where companies borrow for investment, and where consumers put their savings.
market forces	Influences caused by the normal action of markets.
market gardening	<p>In the first five years, a loss from this trade may only be offset against other profits to the extent that the activity is run commercially (Income Tax Act 2007 ss67-68; Corporation Tax Act 2010 s48).</p> <p>Where market gardening is a trade, it is subject to income tax (Income Tax (Trading And Other Income) Act 2005s9) or corporation tax (Corporation Tax Act 2009 s36).</p>
market-house	Building in which a market is held.
market housing	Accommodation acquired at normal market rates, as opposed to social housing .
market-if-touched (MIT)	In investment, an order that becomes a market order if a particular price is reached.
market index	An index of measuring the overall size or movement of a financial market.
marketing	<p>Process of making products and services known with a view to increasing their sales.</p> <p>The Chartered Institute of Marketing definition is “the management process responsible for identifying, anticipating and satisfying customer requirements profitably”.</p> <p>Traditionally marketing comprises advertising,</p>

distribution and selling. However there are many other elements which play a part, such as packaging and general customer service. Ultimately all dealings between a supplier and customer may be seen as a manifestation of marketing.

marketing agreement

Contract under which one company agrees to sell another's products.

marketing authority

Body that is responsible for marketing a product or commodity.

Corporation tax provisions are given in Corporation Tax Act 2009 from s153.

marketing board

Statutory board entrusted with the sales of a particular commodity or food product. Subscriptions to such a body are generally tax-deductible as is discussed in the Inspectors' Manual at BIM 24850.

marketing concept

Recognition of a customer's needs or wants, and producing products or services which satisfy those needs or wants.

marketing cost

Cost of selling a product.

marketing department

Part of company which is responsible for **marketing**.

marketing mix

Those factors which promote marketing. The term was coined by Prof E Jerome McCarthy at Harvard Business School in the 1960s.

The marketing mix traditionally comprises the **four Ps**:

- product: what is being sold must have inherent quality;
- pricing: the price must be acceptable to the customer (not necessarily the lowest, but a higher price must be justified);
- placement: how the product or service is distributed or otherwise supplied to the customer; and
- promotion: advertising, sales promotion, publicity and the suchlike.

marketing orientation

Perceptions and attitudes of an organisation towards the products or services it sells, and to the customers to

whom they are sold.

Depending on circumstances, the marketing orientation could be product-oriented, sales-oriented, production-oriented, among others. Product orientation means developing such a wonderful product that it will sell itself. Sales orientation means concentrating on sales techniques, while production-orientation means shifting as many units as possible.

market maker	Member of a stock exchange who is required to provide a continuous service of prices at which he or she will buy or sell securities.
market neutral	Investment strategy that seeks to produce the same return regardless of what happens in the financial markets.
market-on-close (MOC)	In investment, an order to buy or sell at the ending of a trading session at a price within a preset range.
market-on-opening (MOO)	In investment, an order to buy or sell at the beginning of a trading sessions at a price within a present range.
market order	Instruction to buy or sell at the best available price, usually to be executed immediately.
market overt	<p>An open market where a buyer obtained good title to goods even if they were stolen.</p> <p>The right originated in 13th century as a means of allowing markets to sell goods without fear that someone will claim them as their property. Goods had to be sold between sunrise and sunset. The thinking was that someone who had goods stolen was negligent if they did not check their local market.</p> <p>This ancient right was abolished from 3 January 1995 by Sale of Goods (Amendment) Act 1994.</p>
market-penny	Old term for a secret commission by an agent, and which is therefore unlawful under agency law. The term originally meant a secret commission made by servants sent to buy goods for their master.

market power	When one individual or company can influence the performance of a market.
market price	Price at which goods are offered for sale in a market.
market rent only (MRO)	Provision in relation to pubs which is set out in Small Business, Enterprise and Employment Act 2015 s43.
market rights	Profits from this are taxed as if it were a trade (Income Tax (Trading And Other Income) Act 2005s12).
market rate	Usual price in a market.
market research reports	When these are bound, they may qualify for zero-rating for VAT (<i>City Research Associates Ltd [1984] VTD 189</i>).
market risk	<p>“The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p>“Interest rate risk — the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p> <p>“Currency risk — the risk that the fair value or future cash flows of a financial instrument will fluctuate because of foreign exchange rates.</p> <p>“Other price risk — the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market”.</p> <p>(FRS 102 glossary).</p>

Markets in Financial Instruments Directive

EC directive 2004/39 of 12 April 2004.

market value

Investment

In investment, the price for which a share or other security could be transferred between a willing buyer and a willing seller.

Options

For options, the **market value rule** may be required for determining the capital gains tax.

Pensions and employment income

For pensions, the market value of an asset held for the purposes of a pension scheme is to be determined in accordance with section 272 of the Taxation of Capital Gains Act 1992 and section 278(2) to (4) Finance Act 2004 (where dealing with a right or interest in respect of money lent directly or indirectly to certain parties).

The same definitions are used in relation to employment income (Income Tax (Earnings And Pensions) Act 2003 s421).

Property for employee

For property made available to an employee, market value "at any time is the price which the asset might reasonably be expected to fetch on a sale in the open market at that time" (Income Tax (Earnings And Pensions) Act 2003 s208).

Economics

Value of goods at the point of delivery (known as **factor cost**) plus any taxes and minus any subsidies.

Share

The price for which a share could be transferred between a willing buyer and a willing seller.

Leased plant and machinery

"The market value of any plant or machinery at any time is to be determined on the assumption of a disposal by an absolute owner free from all leases and other encumbrances"
(Capital Allowances Act 2001 s70Y1(2)).

Capital gains tax

"Means the price which those assets might reasonably be expected to fetch on a sale in the open market"
(Taxation of Capital Gains Act 1992 s272(1)).

For rights of unit holders, another definition is given in s272J(5).

market value amount	<p>In relation to business premises renovation allowance, “means the amount of expenditure which it would have been normal and reasonable to incur on the works, services or other matters —</p> <p>(a) in the market conditions prevailing when the expenditure was incurred, and</p> <p>(b) assuming the transaction as a result of which the expenditure was incurred was between person dealing with each other at arm’s length in the open market” (Capital Allowances Act 2001 s360B(3C) as inserted by Finance Act 2014 s66(7)).</p>
market value rule	<p>For capital gains tax, a rule used to calculate the gain on an option (Taxation of Capital Gains Act 1992 s144ZA).</p>
market value weighted index	<p>A stock market index that is weighted so that larger companies have a greater impact. The FTSE-100 index is weighted; the FT 30 index is not.</p>
marking to market	<p>Another name for mark to market, when a marketable asset is valued at its current market price.</p>
Markit	<p>Company that provides respected measures of economic performance.</p> <p>“Markit’s pricing, reference data products and services use contributions from global institutions. Our independent information for a growing set of asset classes is used throughout industry for mark-to-market, research, reference, risk control and forecasting activities” (company website).</p> <p>Its products include Markit PMI which provides benchmark indicators on economic performance.</p>
markka	<p>Currency of Finland, before it adopted the euro in 2002.</p> <p>Gold coins for 1,000 or 2,000 markkaa may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).</p>
markkaa	<p>Plural of markka, former currency of Finland.</p>
mark of the beast	<p>The number 666 assigned to a beast representing the Antichrist, as stated in Revelation 13:15-18 in The Bible.</p> <p>The European Court of Human Rights held that the Russian tax authorities had not breached a Christian</p>

taxpayer's freedom of religion under Article 9 of the European Convention on Human Rights when it assigned her a 12-digit taxpayer number containing three consecutive 6s. (*T Skugar v Russia*. ECHR. Case 40010/04. [2009]).

Markov chain

Statistical method used to determine the future outcome from a series of future events. It is named after the Russian mathematician Andrey Markov (1856-1922).

Marks and Spencer case

Term often used to mean the 2005 decision of the European Court of Justice that a loss made by a foreign subsidiary may be offset against a profit earned in the UK when all other forms of loss relief have been exhausted. This was not then permitted under UK tax law. UK law was changed in 2006.

[The company has also been involved in extensive litigation with HMRC on VAT matters relating to the **three-year cap** and the doctrine of **unjust enrichment**.]

mark to market (MTM)

Basis of stock valuation using **market value**.

It is defined as "bringing assets into account in each period of account at a **fair value**" (Finance Act 2002 s65(2)).

Corporation tax provisions are given in Corporation Tax Act 2009 from s185.

The tax consequences of moving to this basis from **realisation basis** are given in Income Tax (Trading and Other Income) Act 2005 s236.

This basis was commonly used for liquid assets, particularly financial products and commodities. From 1 August 2001, the use of this method is restricted as explained in the Inspectors' Manual at BIM33160.

MARORS

Mileage Allowance Relief Optional Reporting System.

marque

Name or logo, particularly a trade mark on a property. It is a form of **intangible asset**.

marquis

Lord, junior only to a duke.

Marrakech Accords

Agreements that followed on from the **Kyoto Protocol** on implementing Clean Development Projects to reduce

emissions of greenhouse gases.

Marren v Ingles

Court case from 1980. It established that there is a capital gains tax liability on ascertainable deferred consideration, such as when part of the consideration is based on future profits in an earn-out.

marriage

Definition

The voluntary union of one man to one woman to the exclusion of others.

In law, the term now can also apply to a union between two people of the same sex.

Although the term does not include **civil partnership**, all the tax consequences of marriage apply equally in that relationship.

The Church of England teaching on matrimony is given in canon B30.

Employer

In employment law, it is generally an offence for an employer to discriminate against an employee because he or she is married or is not married (Sex Discrimination Act 1975 s3).

Inheritance tax

For inheritance tax, gifts in consideration of marriage were, from 4 April 1963, free of estate duty without limit under Finance Act 1963 s53 (repealed by Finance Act 1975). Limits were introduced by Finance Act 1968 s36 of £5,000 if made by a parent or ancestor or party to the marriage, and £1,000 otherwise in respect of gifts made from 19 March 1968.

Tax provisions

There are many tax provisions that relate to marriage. These include:

- a couple may be entitled to a marriage allowance for income tax;
- transfers between them are regarded as being on a no gain/no loss basis for capital gains tax (Taxation of Capital Gains Act 1992 s58(1));
- inheritances are free of inheritance tax;
- the parties are regarded as **connected persons** for various tax provisions;

- travel to see a spouse working overseas is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s371).

Wills

Marriage automatically revokes a will previously made, unless it was made in contemplation of marriage to a particular person with the intention of continuing after the marriage (Wills Act 1837 s18).

marriage brocage

Procuring a marriage for reward. It is illegal.

marriage of convenience

Marriage that is legal but has been entered into to give one of the parties a right of residence.

A spouse who is married in another EU state may claim UK residence under Immigration (European Economic Area) Regulations SI 2006 No 1003 reg 17, unless the marriage is one of convenience. The Court of Appeal ruled in the case *Rosa v Secretary of State of the Home Department [2016]* that the onus of proof that the marriage was one of convenience lay with the Home Secretary.

marriage penalty

American term for the additional tax that a married couple in the USA may have to pay compared with the tax payable if they were two single people. Similar situations could arise under the UK tax system before 1990.

marriage relief

Customs term for the relief from duty when goods are brought into the UK consequent upon marriage. Details are given in Customs notice 3.

marriage settlement

Settlement made between husband and wife before or after the marriage. The terms of such a settlement may be considered in any divorce proceedings.

marriage tax

A tax charged between 1695 and 1706 to fund the war with France. It imposed a tax on marriage, birth, death, and being a bachelor or widower.

marriage value

Latent increase in value of property when the leasehold and freehold interests are combined.

Such a combination is usually effected by creating an **RTE company**. The marriage value is shared equally by

the landlord and RTE company.

It should be noted that the marriage value may be much greater than the freeholder's existing interest. The longer the term of the lease, the lower is the marriage value. For a very long lease, the marriage value may be a nominal sum.

married couple

For general use, see **marriage**.

For pension credit, "means a man and a woman who are married to each other and are members of the same household" (State Pension Credit Act 2002 s17(1)).

married couple's allowance (MCA)

Additional tax allowance that is still available at 10% for a married couple where either was born before 6 April 1935. (Income Tax Act 2007 s45).

Between 6 April 1990 and 5 April 2000, a married couple's allowance could be claimed by a couple regardless of age. The rate of relief was reduced to 20% in 1994; 15% in 1995; 10% in 1999 and abolished from 2000.

Between 6 April 1920 and 5 April 1990, a married man could claim a higher personal allowance.

An element of the MCA is the **transferable allowance** introduced from 6 April 2015.

married put strategy

In investment, the simultaneous purchase of stock and put options for an equivalent number of shares.

married woman's choice

Old term for the right of a married woman to elect to pay a lower rate of national insurance in return for receiving a lower level of benefit entitlement.

This right was ended in May 1977 but women who had already established this right are allowed to continue, subject to conditions.

Marshall, Alfred

British economist (1842-1924) who developed important concepts in microeconomics.

marshalling

(1) Finding, identifying and valuing property, particularly in insolvency.

(2) For barristers, "marshalling involves sitting with a judge, usually for up to a week. It provides [an] opportunity to see barristers making submissions in court and to discuss cases with the judge" (Bar Council

website).

Marshall Islands	Country of islands in Pacific Ocean. Its currency is the US dollar of 100 cents. The UK has no double taxation treaty.
Marshall Plan	US programme of assistance to European countries from 1947 to prevent them falling under Communist influence after the war. The UK was a recipient. The term comes from then US Secretary of State G C Marshall.
marshmallow cone	<p>Cone similar to an ice cream cone but pre-filled with marshmallow and with a sugar topping.</p> <p>The VAT tribunal held that these were biscuits and not confectionary (<i>Kathy's Kones Ltd (No 2) VTD 14880 [1996]</i>).</p>
mart	A place of trade.
Martens clause	Clause in an international treaty. It states that anything not specifically provided in the treaty is subject to international law and is therefore not necessarily permissible. It was first used in the Hague Conventions of 1899 and 1909 at the behest of the Russian delegate Friedrich von Martens (1845-1909).
Martinmas	Christian festival of St Martin's Day on 11 November. Before 1991, it was one of the four old Scottish term days .
martyr	Person who dies for his or her faith. By extension, the term has come to mean any person, such as an employee, prepared to suffer an extreme detriment rather than compromise a belief.
Marxist	Pertaining to or subscribing to the Russian Communist teachings of Karl Marx (1818-32).
Mary	Queen of Scotland from 1542 to 1567.
Mary I	Queen of Great Britain from 1553 to 1558.
Mary II	Queen of Great Britain from 1689 to 1694, when she reigned jointly with her husband William III.

masculine gender	<p>“In any Act, unless the contrary intention appears —</p> <p>(a) words importing the masculine gender include the feminine;</p> <p>(b) words importing the feminine gender include the masculine” (Interpretation Act 1978 s6).</p>
mash	Mixture of crushed malt and hot water used for brewing.
mashing-tub	Where ingredients are mashed to make beer.
mash-tun	In brewing, a vessel with a perforated bottom in which grist is placed with hot water to form the wort .
Maslow's hierarchy	Model which identifies the different psychological needs of people. It is widely used in human resources management .
mass observation	Study of the habits, opinions and other characteristics of the population.
master	<p>(1) For Customs purposes, “in relation to a ship, includes any person having or taking the charge or command of the ship” (Customs and Excise Management Act 1979 s1(1)).</p> <p>(2) Judge, namely Master of the Supreme Court or Master of the Bench.</p> <p>(3) Old term for an employer, as in “master and servant”.</p>
master agreement	In investment, the initial agreement between parties who intend to make financial arrangements. The agreement will deal with such matters as fixing the rates.
master budget	In management accounting, a combination of all budgets within an organisation to give a single statement covering all forms of financial statement, so it will, for example, include a budgeted balance sheet and cash flow statement.
MasterCard	A credit card system formed in the USA. Its predecessor came to the UK as the Access Card in 1968. In 1979, the name MasterCard was generally adopted as the clearing system for cards provided by various issuers.

master copy	Original document from which copies are made.
master file	In traditional computing, data that holds static information, such as names, addresses and tax codes of employees for the payroll. The master file is updated by transaction files.
Master of the Household	Member of the Royal Household who is responsible for royal entertainment.
Master of the Rolls	Judge who presides over the Civil Division of the Court of Appeal .
Masters of the Supreme Court	Judicial officers of the Queens Bench and Chancery Divisions of the High Court. They are the equivalent to a district judge .
master UCR	Master unique consignment reference that allows exporters to amalgamate declaration unique consignment references .
match	Short stick of wood tipped with a phosphorus or other easily ignited material. Matches are subject to VAT. Before 1992, they were also subject to matches and mechanical lighters duty .
matched bargain	In investment, a system of share dealing that relies on matching sales with corresponding buy orders. This tends to be used for shares and securities where there is little market.
matched book	In investment, a portfolio where the date on a traders' liabilities match those of his assets, or where borrowing costs match the interest on investments.
matched expenditure	Expenditure that it is taken into account in the same accounting period as related income. A simple example is that the cost of goods sold is taken into the accounts for the same period as the revenue from their sale. This is part of the accruals concept .
matched funding	Arrangement whereby the government, a local authority, individual or other benefactor agrees to make a donation equal to that otherwise raised. The idea is that it provides

financial support for a good cause while still requiring those involved to raise funds themselves. With Gift Aid and matched funding, a donation of £100 can become worth £225. Care needs to be exercised to ensure that the donations for matching are clearly defined. There usually also needs to be a time limit and a cap on donations.

matched income Income that corresponds to **matched expenditure**.

matches and mechanical lighters duty

Excise duty historically charged on matches from 1853 to 1860, and on matches and mechanical lighters from 1916 to 1992.

matching

Accounting transaction that expenses are matched against revenues in the period they are incurred. It is part of the **accruals concept**.

This principle is also used in **foreign exchange** following the **Midland Marine** case, are discussed in the Inspectors' Manual at BIM39520.

matching concept

Another name for **accruals concept**.

matching grant

A grant or gift made with the specification that the amount donated must be matched from other sources on a one-for-one or some other prescribed basis.

maté

Form of tea from Paraguay.

It is specifically zero-rated for VAT.

The drink is mentioned in Value Added Tax 1994 Sch 8 Group 1 Items Overriding The Exception 4. Group 1 zero-rates food. Excepted Item 3 standard-rates beverages. Overriding Item 4 reverses the standard-rating and reinstates the zero-rating.

material

In accounts, significant in amount.

"Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining

factor" (FRS 102 glossary).

material acquisition	The purchase of an item whose amount is so substantial that it significantly reduces the liquid funds. Such an acquisition must be disclosed in the annual report.
material disposal	In relation to interests in oil fields, the term is defined in Taxation of Capital Gains Act 1992 s197(2).
material disposal of business assets	For entrepreneurs' relief , the capital gains tax implications are given in Taxation of Capital Gains Act 1992 s169I.
material evidence	Evidence that tends to prove or disprove the matter in contention.
material facts	Important and relevant facts, such as those which must be included in a prospectus for potential shareholders.
material fallacy	Fallacy in the manner of thought rather than in evidence.
material increase	Increase in the value of a property that justifies revising its council tax band from the next sale (Local Government Finance Act 1992 s24).
material interest in a company	For the purpose of determining the tax liability of a director to benefits in kind, this expression is defined in Income Tax (Earnings And Pensions) Act 2003 s68. Broadly it means a director who owns at least 5% of the share capital.
materialism	Excessive devotion to financial prosperity. The term originally referred to the doctrine that denies the spiritual world.
materiality	General Accounting principle that the accounts should not be cluttered with detail about amounts which are so small that they do not affect the picture painted by the accounts.

FRS 102

FRS 102 includes this as a **qualitative characteristic** of information in financial statements. This states:

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Information is material — and therefore has **relevance** — if its omission or misstatement, individually or collectively, could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor. However, it is inappropriate to make, or leave uncorrected, immaterial departures from this FRS to achieve a particular presentation of an entity's financial position, financial performance or cash flows.
— *Financial Reporting Standard 102 para 2.6*

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FRS 102 also uses the term in relation to what items require separate disclosure in the accounts: “An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial” (FRS 102 section 3.15).

Tax professionals

The concept of materiality is addressed in Professional Conduct in Relation to Taxation from para 3.8 to 3.10.

This makes clear that the concept of materiality applies only to the accounts, and not to the tax computation based on those accounts.

Other guidance

The Institute of Chartered Accountants in England and Wales has issued guidance in various technical papers, including TECH 03/08 in June 2008 which consolidated and expanded TECH 32/96.

The concept of materiality is not imported into tax law although many tax provisions have specific de minimis limits. In September 1997 the Tax Faculty of the Institute of Chartered Accountants in England and Wales and Inland Revenue published a joint minute Tax 18/97 which states “the Revenue said that the usefulness generally of accounts was limited by the concept of materiality”.

The matter is discussed in the Inspectors' Manual at BIM31045.

For auditing, provisions are given in International Standard on Auditing ISA 320.

material news

Development in a company which is of such significance that it could affect the share price. A listed company is required to disclose such news.

material reconciliation account

A reconciliation of the products manufactured against the quantities of materials received. This can identify conversion factors and wastage.

material reduction

Reduction in value of a domestic property that can justify its immediate moving to a lower council tax band (Local Government Finance Act 1992 s24).

materials requisition

Internal document within an organisation whereby a production department lists the materials it needs from stores.

materials transfer note

Document which records goods transferred between one workplace and another.

material to a surcharge

Term used in Value Added Tax 1994 s59(8) in relation to determining whether a **default surcharge** should be imposed and, if so, for how much.

maternal

Of or pertaining to a mother.

maternity

The period of pregnancy, childbirth and immediately after childbirth. Adoption is not regarded as pregnancy, though employees have some similar **adoption rights**.

A female employee has these rights in respect of maternity:

- **maternity leave;**
- paid leave for **ante-natal care;**
- **statutory maternity pay** if the relevant

conditions are met, and **maternity absence** in some cases if they are not;

- the right not be unfairly dismissed or to suffer any other **employment detriment** because of maternity.

A man has some equivalent **paternity** rights.

Apart from statutory maternity pay, there is no minimum qualifying period for any of these rights.

From 1 December 1994, employers must make an assessment of how employment conditions affect a **new or expectant mother**. There are separate regulations about specific processes, chemicals and other activities from which a pregnant employee must be protected.

maternity allowance

Social security benefit which may be paid to a woman who is not eligible for statutory maternity pay.

It is paid under Social Security Contributions and Benefits Act 1992 s35.

The benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).

maternity leave

When a female employee is absent from work because of **maternity**.

The law prescribes three types of maternity leave:

- **compulsory maternity leave**, where a woman may not return to work for two weeks after the birth (four weeks if she works in a factory, under Public Health Act 1936 s205);

- **ordinary maternity leave**, a period of 39 weeks (from 1 April 2007) which usually coincides with the **maternity pay period**;

- **additional maternity leave**, a period which brings the total maternity leave to 52 weeks. The woman is not entitled to any pay or **statutory maternity pay** during additional maternity leave.

Other than pay, a woman is entitled to all other benefits under the contract of employment. So she is entitled to keep a company car and use any social facilities. Her pension payments continue to accrue.

An employer and employee are entitled to agree to provide more maternity leave or for additional maternity pay to be made on whatever terms they wish.

If a woman becomes pregnant again during maternity leave, a fresh set of maternity leave starts even though it overlaps with the existing leave. This appears to be the ruling in the European Court of Justice case *Busch v Klinikum Neudstadt GmbH und Co Betriebs-KG* [2003].

maternity pay

Money paid to a woman who is absent from work during pregnancy, childbirth and the period immediately after

childbirth.

There are two types of maternity pay:

- **statutory maternity pay**, which is paid by the employer under rules laid down by the government; and
- **occupational maternity pay**, which may be paid by the employer under his own rules.

maternity pay period (MPP)

Period for which **statutory maternity pay** is payable. This is 39 weeks for births expected from 1 April 2007, and 26 weeks for births expected before this date. The maternity pay period is not necessarily the same as a woman's entitlement to **maternity leave**.

In general, the employee may choose when to start the MPP. This may be no earlier than 11 weeks before the **expected week of childbirth (EWC)** and no later than the day after the actual birth. If a woman contracts a **pregnancy-related illness** in the four weeks before the EWC, the start of that illness automatically starts the MPP.

The MPP ends on the earliest of:

- 39 weeks after it started;
- when she returns to work, other than as an allowed **keeping in touch** day;
- when her employment ends;
- when she is imprisoned or taken into legal custody;
- the Saturday after she dies.

Before 1996, a MPP also ended if a woman went outside Europe. This rule has been repealed, so a MPP may continue wherever she is in the world.

If a woman becomes entitled to a pay rise before the end of her MPP, her SMP must (from 6 April 2005) be recalculated in accordance her new pay. This is known as the **Gillespie ruling**.

A woman remains an employee during her MPP. That means she is entitled to all rights of employment (such as any company car) other than payment of normal salary or wages.

maternity rights

Legal rights of an employed woman in respect of pregnancy and childbirth. They are broadly:

- paid time off work for ante-natal visits
- protection from dismissal
- **maternity leave**

- **maternity pay**
- right to return to work.

mates' rates	Colloquialism for a reduced price offered to a seller's friends.
math	American abbreviation for mathematics .
mathematics	Science of magnitude and number, and their relationships.
mathesis	Mental discipline.
maths	English abbreviation for mathematics .
Matif	Marché a Terme International de France , French financial futures exchange.
Matilda	In Australian slang, a bushman's swag.
matriculation	Entrance examination, such as for university.
matrilineal	Through the mother's line of ancestry.
Matrimonial Causes Act	Laws passed in 1923 which gave women the same rights as men to sue for divorce. A second Act in 1937 allowed divorce after desertion for three years.
matrimonial home	Home in which a married couple lived together. The term is usually used in the context of divorce settlements. Where a wife has no proprietary, contractual or statutory right to occupy the property, she may have rights under Matrimonial Homes Act 1983 not to be evicted if in occupation, and to enter and occupy the home otherwise.
matrimonial proceedings	Legal action intended to lead to divorce or separation.
matrix	Tabular presentation of data.
matrix algebra	Form of algebra that uses a matrix.
Matrix Churchill	Company which manufactures machine tools. Its name became associated with the scandal which

followed an attempt in 1992 to prosecute four directors for breaching export control orders in sales to Iraq. The Ministry of Defence co-operated with the company, only for Customs and Excise to prosecute them. The government issued **public interest immunity** certificates which prevented much evidence being put to the court, until the judge overturned them. The trial collapsed when defence minister Alan Clark MP said on oath that he had been "economical with the actualité" in answering questions in Parliament. This led to the **Scott Report** which criticised the government.

The Scott Report also found that Customs had trespassed on to the company's premises when it used an ostensible VAT inspection to check on the use of components. This led to the **Scott undertaking** on surveillance by tax authorities. This undertaking was withdrawn on 6 September 2011 in the light of subsequent legislation.

matter in issue between the defendant and a co-defendant

Term used in Criminal Justice Act 2003 s104 in relation to evidence in criminal proceedings.

matter in issue between the defendant and the prosecution

Term used in Criminal Justice Act 2003 s103 in relation to evidence in criminal proceedings.

matter in question

In relation to Scottish tax appeals, "means the matter to which a review, mediation or appeal relates" (Revenue Scotland and Tax Powers Act 2014 s250(1)).

Matthew, Saint

Follower of Christ who wrote the first book of the New Testament. He was a tax collector and is now the patron saint of accountants and tax collectors.

maturity

Date on which either an investment completes its term or when a liability becomes due for repayment.

maturity date

The date on which a payment becomes due at the end of the term of an endowment policy or a fixed term security or loan.

maturity profile of debt	The timing of loan repayments by a company in the future.
maturity value	The amount payable to the insured at the maturity date of an endowment policy.
Maude, Francis	English Conservative politician (1953-) who was Shadow Chancellor from 2 June 1998 to 1 February 2000.
Maudling, Reginald	<p>English Conservative politician (1917-1979) who was Chancellor of the Exchequer from 13 July 1962 to 16 October 1964 in the governments of Harold Macmillan and Sir Alec Douglas-Home.</p> <p>He reduced purchase tax and interest rates. He temporarily abolished the Schedule A charge for owner-occupiers of homes, and scrapped the duty on home brewing of beer. His 1963 Budget was nicknamed the "dash for growth".</p> <p>Maudling was Shadow Chancellor from 15 October 1964 to 27 July 1965.</p>
maund	Old Indian measure of weight of between 25 to 85 pounds, depending on location.
Maundy money	<p>Gift of money given by the monarch to a number of poor people that corresponds with his or her age. It is distributed at a cathedral on Maundy Thursday.</p> <p>Maundy is the ceremony of washing feet in allusion to Jesus washing the disciples' feet as set out in John 13 in the Bible.</p> <p>Elizabeth I gave clothing, food and drink. Money replaced clothing in 1725 and food in 1837.</p> <p>The coins comprises a silver penny, twopence, threepence and fourpence which are specially minted. They are legal tender, though in practice they are usually sold to collectors. Pre-decimal Maundy money is redenominated as decimal pennies.</p> <p>As a gift, it is not taxable as income.</p>
Maundy Thursday	The Thursday before Easter which commemorates Jesus' last supper with his disciples and his betrayal. It is the day on which the monarch distributes Maundy money .

Mauritania	West African country. Its currency is the ouguiya of 5 khoums. The UK has no double taxation treaty.
Mauritius	Country in Indian Ocean. Its currency is the Mauritius rupee of 100 cents. The UK has a double taxation convention of 1981 as amended in 2011, and protocols of 2003 and 2011.
MAWB	Master Air Waybill. This is the bill of landing on a consolidated air shipment.
Mawrth	Welsh: March
maxi-ISA	Term used between 6 April 1999 and 5 April 2008 to distinguish individual savings accounts between maxi-ISAs and mini-ISAs . An investor was only allowed to invest in one maxi-ISA.
maximax	In statistics, optimistic decision-making criteria that identifies the decision alternative with the best choice of best outcomes.
maximin	In statistics, pessimistic decision-making criteria that identifies the best alternative from the worst outcomes.
maximisation	Finding the highest possible outcome, such as greatest profit.
maxims of equity	<p>Statements that summarise the legal principles to be used in the merbranch of law known as equity. The exact scope of each statement is not always obvious.</p> <p>The maxims are:</p> <ul style="list-style-type: none">• equity acts in personam• equity acts on the conscience• equity aids the vigilant• equity will not suffer a wrong without a remedy <p>remedy</p> <ul style="list-style-type: none">• equity looks at the intent not at the form• where the equities are equal, the earlier in time prevails <p>time prevails</p> <ul style="list-style-type: none">• he who seeks equity must do equity• he who comes to equity must come with clean hands <ul style="list-style-type: none">• equity looks on that as done which ought to

be done

- equity imputes an intent to fulfil an obligation
- equity will not assist a volunteer.

maximum amount

Capital gains tax

Term used in Taxation of Capital Gains Act 1992 s261C in relation to capital gains and trading losses.

Social security

Term used for universal credit and other means-tested benefits. The maximum amount is how much a claimant receives if he or she has no income or capital. The maximum amount is then reduced by any income or capital the claimant has above a set limit.

maximum authorised mass (MAM)

The weight of a vehicle plus the maximum weight of the load it may carry. MAMs are used for determining categories of driving licence.

maximum available carried-forward loss allowance

For corporation tax on banks and building societies, this term is defined in Corporation Tax Act 2010 s269CH(6).

maximum flow

In statistics, an optimising technique used in mathematical programming.

maximum potential adjustment

In relation to tax disputes "is the adjustment to expenditure, receipts, profits, losses, income or gains that would arise if the **individual risk** to which it relates were conceded in full to HMRC" (HMRC Notice of 20 December 2013).

The adjustment is calculated without consideration of the prospects of success.

maximum rate

The highest amount of **tax credit** that may be paid.

The calculation is as set out in Tax Credits Act 2002 s9 for child tax credit, and in s11 for working tax credit.

The maximum figure may then be reduced by a figure according to how much net income (as defined for the purpose) exceeds an applicable amount.

maximum risk finance at the issue date requirement

In relation to enterprise investment scheme, this is the requirement that maximum investment for a company is £20 million for a **knowledge-intensive company** and £12 million to other companies (Income Tax Act 2007 s173AA(1) as inserted by Finance (No 2) Act 2015 Sch 5).

maxwell

Unit of magnetic flux.

Maxwell pension scandal

In 1991 it was discovered that the late entrepreneur Robert Maxwell had raided £460 million of his companies' pension funds to prop up his businesses, many of which failed, meaning that many workers faced not receiving their pension.

This scandal led to a tightening of laws on occupational pension schemes, particularly with regard to who may be trustees. These provisions were contained in Pensions Act 1995.

may

This auxiliary verb connotes discretion. So if tax law says that HMRC "may" do something, that means it can exercise discretion in deciding whether to do so.

In the case *Scofield [2011] TC 1068*, HMRC was criticised for saying that "may" means "must". This was in relation to Finance Act 2004 s66(1) which says HMRC "may" cancel a gross payment registration under the Construction Industry Scheme.

May day

Date of 1 May which celebrates workers. The first Monday of May is now a bank holiday.

mayoral functions

In relation to a precept for such functions, the term "means —

- (a) the mayor's general functions, and
- (b) if the mayor exercises PCC [Police and Crime Commissioner] functions, the mayor's PCC functions" (Cities and Local Government Devolution Act 2016 s5(7)).

Mayor's and City of London Court

County court for the City of London. Before 1971, it referred to a special court formed in 1922 to have civil jurisdiction over all matters in the City.

MB	Megabytes.
MBI	Management buyin.
MBO	Management buyout.
MBS	Mortgage-backed security.
MC	Minimum contribution, to a pension fund.
MCAS	Mortgage Code Arbitration Scheme.
MCD	Miscellaneous Cash Deposit.
McConnell, Jack	Scottish Labour politician (1960-) who was First Minister of Scotland from 22 November 2001 to 16 May 2007.
McDonnell, John	English born Labour politician (1953-) who became Shadow Chancellor of the Exchequer on 13 September 2015.
McGuinness, Martin	Irish Sinn Féin politician (1950-) who has been Deputy First Minister of Northern Ireland since 8 May 2007.
McKenna, Reginald	English politician (1863-1943) who was Chancellor of the Exchequer from 25 May 1915 to 10 December 1916 under the coalition government of David Lloyd George. He introduced a 33.3% levy on luxury goods.
McKenzie friend	Someone who is not legally trained but who the court is prepared to allow to sit and help a party in a case. The name comes from the case <i>McKenzie v McKenzie</i> [1971].
McKenzie man	Another name for a McKenzie friend .
McLeish, Henry	Scottish Labour politician (1948-) who was First Minister of Scotland from 26 October 2000 to 8 November 2001.
McNaghten rules	Old rules of English law which established when mental incapacity excuses criminal conduct. The name comes from the case <i>R v McNaghten</i> [1843]. The rules have now been replaced by statutory provisions.

MCOB	Mortgages and Home Finance: Conduct of Business sourcebook, published by the Financial Services Authority.
MCR	Minimum capital requirement.
MCSI	Member of the Chartered Institute for Securities and Investment.
MCT	Mainstream corporation tax.
MD	Managing director.
MDB	Multilateral development bank.
MDD	Managing Deliberate Defaulters.
MDL	ISO code for Moldovan leu.
MDR	Misuse of Drugs Regulations 2001.
m/e	Month ending.
mea culpa	Latin: by my own fault, an acknowledgment by someone of their mistake.
meal-ticket	Voucher for a meal. By extension, the term has come to mean a provider for a person's essentials of life.
meal voucher	"Non-cash voucher which: (a) can only be used to obtain meals, (b) is not transferable, and (c) is not of the kind in respect of which no liability arises under section 266(3)(e) (subsidised meals)" (Income Tax (Earnings And Pensions) Act 2003 s89(3)). The limit was 15p a day from 1948 to abolition of the tax-free allowance from 6 April 2013.
meals	There is generally no tax charge when an employer provides subsidised meals to workers in a canteen (Income Tax (Earnings And Pensions) Act 2003 s317). This includes free or subsidised tea and coffee (ibid s317(6)).

mean

(1) **Average** of numbers. It has two forms: **arithmetic mean** and **geometric mean**.

The arithmetic mean adds the numbers and divides by the quantity of them. The geometric mean multiplies the numbers and takes the appropriate root. The latter is used for calculating stock indices, among other applications.

The arithmetic mean of the numbers 2, 4 and 8 is calculated as $(2 \times 4 \times 8) \div 3 = 5.33$

The geometric mean is $\sqrt[3]{2 \times 4 \times 8} = 4.0$.

(2) Ungenerous.

mean absolute deviation (MAD)

The average difference between a set of numbers and their **mean**.

mean forecast error

In statistics, a method for analysing differences between predictions and outturns.

mean hourly output rate

Quantity of units which a worker can reasonably produce in one hour when paid on the basis of **output work**. This is when the worker is paid for a unit of production (such as items assembled or envelopes filled with literature) rather than per hour.

A worker paid on an output work basis is entitled to the **national minimum wage (NMW)** determined either by the number of hours worked or under a system of **rated output work**. This requires the worker to be paid 120% of the NMW for each unit of production.

mean reversion

In statistics, tendency of subsequent observations to be closer to the mean average than the current observation.

means of exchange

One of the two functions of money. The other is as a **store of value**.

The use of money avoids the need for coincidence of supply in a **barter** transaction. The prerequisite is that the parties to a transaction both accept the form of money.

means of transport

In the VAT expression **new means of transport**, means:

- a ship exceeding 7.5 metres in length
- an aircraft with a take-off weight that exceeds

1550 kilograms

- a motorized land vehicle that has an engine with a displacement or cylinder capacity of more than 48 cubic centimetres, or

- an electric land vehicle propelled using more than 7.2 kilowatts.

(Value Added Tax 1994 s95(1)).

means-testing

Checking whether a person's income and wealth is sufficiently low to qualify for social security or other benefit.

Mears, Patrick

English accountant who became first chairman of the **General Anti-Abuse Rule** Advisory Panel on 15 April 2013.

mease

Old measure of herring, between 500 and 630.

measure

Law enacted by **General Synod** of the Church of England.

measurement

In accounting, "the process of determining the monetary amounts at which an entity measures assets, liabilities, income and expenses in its financial statements. Measurement involves the selection of a basis of measurement..." (FRS 102 glossary and section 2.33).

These are explained under **monetary bases**.

measurement bases

In accounting, the means of **measurement** by which amounts are determined for financial statements.

"Two common measurement bases are **historical cost** and **fair value**" (FRS 102 section 2.34).

A previous standard defined them as "those **monetary attributes** of the elements of financial statements — assets, liabilities, gains, losses and changes to shareholders' funds — that are reflected in financial statements" (FRS 18 para 6).

measure of damages

Principle used to determine how much **damages** to award in a court case.

meat

This is generally zero-rated when sold as food, and standard-rated when sold as catering, that is cooked and ready to eat.

Drink made from meat is specifically zero-rated for VAT.

Under Value Added Tax 1994 Sch 8 Group 1, food is

generally zero-rated. Excepted Item 3 standard-rates beverages. Items Overriding The Exception 6 reverses the exception, thus reinstating the zero-rating.

Further guidance is given in VAT Notice 701/14.

Meat and Livestock Commission

Trade organisation for established by the government under the Agriculture Act 1967 to promote the sale of red meat.

It is a non-departmental public body and is partly funded by a **Meat and Livestock Commission Levy** on every slaughtered carcass and from grants from the UK Government and the EU.

Since 1 April 2008, it has been part of the Agriculture and Horticulture Development Board.

Meat and Livestock Commission Levy

Charge for services provided to an abattoir.

The element which relates to the general levy is a supply to the abattoir on which VAT is charged which may be reclaimed as input tax.

mechanical bank

Form of **piggy bank** that includes a mechanical action designed to appeal to children and others who would not otherwise save. A piggy bank without such an action is known as a still bank.

mechanical effect

In relationship to tax, this measures the consequence of a change in tax policy without considering behavioural effects or indirect effects.

If the rate of tax (T%) produces R amount of revenue, the mechanical effect determines that (for example) 2xT% will produce 2xR amount of revenue.

This figure is then adjusted for behavioural effects, such as people finding ways to avoid the higher tax, and for indirect effects, such as the impact of higher taxes on income from lower profits.

medal

Where a medal has been awarded for valour or gallant conduct, the disposal of such a decoration by the person to whom it was awarded is not taxable as a capital gain (Taxation of Capital Gains Act 1992 s268). The sale by a subsequent owner is not covered by this exemption and

so may be taxable.

mēden agan

Greek: [let there be] nothing in excess.

Medi

Welsh: September.

medial

Pertaining to an average.

median

The middle number in a list of numbers. It is one of the three forms of **average** (the others are mean and mode).

It is widely used as an average for earnings where an arithmetic mean would be skewed by a few very high figures.

mediation

Process whereby two people try to resolve a difference themselves with the assistance of a third person, the mediator. A mediator does not judge the issue himself (which is **arbitration**) but assists the parties to work out their solution.

For tax tribunals, the provisions are set out in Tribunals, Courts and Enforcement Act 2007s24.

medical certificate

Document from a document about a person's health.

medical check-up

"Means a physical examination of the employee by a health professional for (and only for) determining the employee's state of health" (Income Tax (Earnings And Pensions) Act 2003 s320B(3)).

Such a check-up is usually exempt from tax.

medical courier charity

Charity whose main purpose is "to provide services for the transportation of items intended for use for medical purposes. including in particular —

(a) blood

(b) medicines and other medical supplies

(c) items relating to people who are undergoing medical treatment" (Value Added Tax 1994 s33D(10)).

Ibid s11 extends the scope to a body whose main purpose is to support, develop and promote the activities of a medical courier charity.

From 1 April 2015, such a charity may claim VAT input tax.

medical equipment

For VAT on **charity funded equipment**, "is equipment... that has features or characteristics that identify it as having been designed for a medical (including dental) purpose or function, such as the diagnosis or treatment of patients.

"This covers a wide range of goods, from simple items like bandages and tongue depressors, to complex machinery such as x-ray machines and scanners.

"General use items to equip a medical facility, such as a television purchase for use in a hospital ward, are not medical equipment"
(VAT leaflet 701/6).

medical evidence

Evidence produced by an employee to justify absence due to sickness. For statutory sick pay, an employee must produce evidence of sickness such as a doctor's certificate. An employer may agree that an employee can self-certificate sickness up to seven days. From SC2 is provided for this purpose.

medical expenses

Generally these are not tax-deductible by an individual. A leading case is *Norman v Golder* [1944] 26TC293 which concerned treatment to a shorthand writer's hand. The case is discussed in the Inspectors' Manual at BIM37940.

The principle extends to **surgery** as held in the case *Prince v Mapp* [1969] 46TC169 which related to a guitarist's finger and is discussed in the Inspectors' Manual at BIM37945.

medical insurance for the elderly

From 6 April 1990 to 2 July 1997, income tax relief was given on medical insurance premiums for those aged 60 or over. From 6 April 1994, relief was restricted to the basic rate of tax.

medical or veterinary diagnosis or treatment

For VAT on **charity funded equipment**, "is the diagnosis and treatment of a physical or mental illness or injury by a medical or paramedical practitioner or a veterinary surgeon"
(VAT notice 701/6).

medical or veterinary research

For VAT on **charity funded equipment**, this means

“original research into human or animal disease and injury” (VAT notice 701/6).

medical or veterinary training For VAT on **charity funded equipment**, “covers the training of doctors, nurses, surgeons (including dental and veterinary surgeons), and other professionals involved in medical or veterinary diagnosis or treatment. The overall programme of training should include the physical application by the students of theoretical knowledge. The teaching of subjects like biology and zoology, where the trainee has no practical medical or veterinary involvement with patients, is not medical or veterinary training for the purposes of this VAT relief” (VAT notice 701/6).

medical, personal or nursing care For VAT on **charity funded equipment**, this “includes medical treatment and the sort of care that a nurse might carry out or supervise — such as washing or feeding a patient, helping a patient out of bed, and administering drugs.

“It does not include assistance with general domestic tasks such as cooking, cleaning or shopping” (VAT notice 701/6).

medical report “In the case of an individual, means a report relating to the physical or mental health of the individual prepared by a medical practitioner who is or has been responsible for the clinical care of the individual” (Access to Medical Records Act 1988 s2(1A)).

medical supplies A company that makes a gift of such supplies may be able to claim tax relief under Corporation Tax Act 2009 s107.

medical treatment For the purposes of **recommended medical treatment** that is a tax-free benefit when provided by an employer to an employee, the term “means all procedures for diagnosing or treating any physical or mental illness, infirmity or defect” (Income Tax (Earnings and Pensions) Act 2003 s320C(7)).

When provided to an employee overseas, this may be exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s325.

An employer may also provide, as a tax-free benefit,

a medical check-up once a year.

Where an employer provides an eye test and any corrective glasses or contact lenses for computer users, the test and corrective items are also tax-free.

Medicare

Scheme of medical services in the USA.

medicinal product

For VAT, "a substance presented as a **medicine**, or an ingredient for a medicine, capable of being administered to people or animals for a **medicinal purpose**" (VAT leaflet 701/1). Such a product may be zero-rated for VAT.

medicinal purpose

For VAT purposes, this "means:

- treating or preventing disease;
- diagnosing disease, or ascertaining the existence or degree of a physiological condition;
- contraception;
- inducing anaesthesia;
- otherwise preventing or interfering with the normal operation of a physiological function, whether permanently or temporarily, and whether by terminating, reducing or postponing, or increasing or accelerating the operation of that function, or in any other way" (VAT leaflet 701/1).

The existence of a medicinal purpose, can establish that a **substance** is a **medicinal product** and may therefore qualify for zero-rating for VAT.

medicine

For VAT, the tax treatment depends on how the medicine is supplied.

For Customs control, details are set out in Customs notice 4. There are no restrictions on medicines sold without prescription. For prescription drugs, imports are restricted to 15 days' supply unless a Home Office licence permits a larger quantity.

medium-dated

Description of government securities that mature in between 5 and 15 years.

medium of exchange

Currency, assets, tokens or anything else which is used for the purposes of allowing trade. By far, the commonest medium of exchange is **currency**.

medium-sized company	<p>Company which is neither a large company nor a small company.</p> <p>The definition is contained in Companies Act 2006 s465.</p> <p>Basically, a company is medium-sized if it meets two out of three conditions for both the current financial year and the previous year.</p> <p>The three conditions currently are:</p> <ul style="list-style-type: none">• annual turnover up to £22.8 million;• balance sheet total up to £11.4 million;• no more than 250 employees. <p>Lower financial limits have applied in earlier years. The odd amounts arise because they come from an EU directive expressed in euros.</p> <p>Certain companies are excluded from this scope even if they meet these conditions.</p>
medium term	<p>Between short-term and long-term, as defined for the context.</p>
medium term bond	<p>Government bond which matures after 5 to 15 years. (Sometimes different maturity limits apply.)</p>
medium term note (MTN)	<p>Unsecured note issued in a eurocurrency with a maturity of between three and six years.</p>
mediums	<p>Government stocks which mature in 7 to 15 years' time. (Some sources describe mediums as having maturity dates of between 2 and 10 years.)</p>
medium-sized company	<p>A company that meets two of the following criteria:</p> <ul style="list-style-type: none">• annual turnover not more than £25.9 million• balance sheet total of not more than £12.9 million• no more than 250 employees. <p>These limits apply for accounting periods beginning after 5 April 2008.</p> <p>The previous turnover and balance sheet limits were £22.8 million and £11.4 million respectively. These definitions are found in Companies Act 2006 s465(3).</p> <p>The odd amounts are because the limits are set by the European Union in euros.</p>

medium-sized vehicle	Vehicle with a weight between 3,500 and 7,500 kilograms. This is above an ordinary car but below a large goods vehicle . This is category C1 on the driving licence. A driver must be 18 to obtain a licence.
meed	Archaic word that means wages or a reward.
meeting	If HMRC requests a meeting with a taxpayer or adviser, the tax adviser should establish the nature of the meeting (Professional Conduct in Relation to Taxation para 11.4).
Meg	Megone's Company Cases, series of law reports published from 1888 to 1890.
mega-	Prefix used in metric units. It means 10^6 or one million. It is also used colloquially as a prefix to mean very big, as in megastore.
MEGS	Music Export Growth Scheme.
Mehefin	Welsh: June.
Mehrwertsteuer (Mwst)	German: value added tax, as used in Austria and Germany.
me iudice	Latin: in my opinion.
melior est conditio possidentis et rei quam actoris	Latin: the position of the possessor is the better; and that of the defendant is better than that of the plaintiff [now called the claimant].
meltith	Scottish term for the yield from one cow at one milking.
member	Company Person who owns a share in a company or who belongs to a club or association. Pension scheme The term is defined in Finance Act 2004 s151. European Union "in the expression 'member state', refers to membership

of the EU" (European Communities Act 1972 Sch 1 Part II).

member bank

In the USA, a bank which is part of the Federal Reserve system.

member firm

Stockbroking firm which is a member of a stock exchange.

member-nominated trustee

Trustee of an occupational pension scheme nominated by its members (Pensions Act 2004 s241). At least one third of the trustees must be member-nominated.

member of a company

Person who is a shareholder in a company limited by shares or a guarantor in a company limited by guarantee.
A person becomes a member either by being an original subscriber or who subsequently becomes a member (Companies Act 2006 s112(2)).

member of another undertaking

"For the purposes of section 258 [of Companies Act 1985] an undertaking shall be treated as a member of another undertaking:

(i) if any of its subsidiary undertakings is a member of that undertaking; or

(ii) if any shares in that other undertaking are held by a person acting on behalf of the **parent undertaking** or any of its **subsidiary undertakings**.

"Any shares held, or powers exercisable, by a subsidiary undertaking shall be treated as held or exercisable by its parent undertaking" (FRS 2 para 14, following definition of **parent undertaking**).

Member of Parliament (MP)

Person who is elected to serve as a member of the House of Commons.

Income Tax (Earnings And Pensions) Act 2003 provides special tax exemptions for their:

- termination payments : s291
- accommodation expenses: s292 (limited by s360)
- overnight expenses: s293
- UK travel and subsistence expenses: s293A
- European travel expenses: s294
- transport for ministers: s295.

The number of MPs elected for a party determines whether that party qualifies for inheritance tax relief on

donations.

Provisions for capital allowances are given in Capital Allowances Act 2001 s34.

Member of the Legislative Assembly (MLA)

Term to describe a member of the devolved **Northern Ireland Assembly**.

member's drawdown pension fund

Pension fund from which a member may draw down funds instead of annuitizing the fund.

The tax provisions are given in Finance Act 2004 Sch 28 as amended by Finance Act 2011 Sch 16 and Finance Act 2014 s41.

membership audit certificate (MAC)

Certificate that a trade union must produce to confirm that it has complied with its **section 24 duty** to maintain a proper register of members.

member's unsecured pension fund

Term that is now replaced by **member's drawdown pension fund**.

members' necessary overnight expenses

Term used in Income Tax (Earnings And Pensions) Act 2003 s293 in relation to tax-deductible expenses of **Members of Parliament**.

members of a group of companies

For the purposes of loss relief within a group or consortium is where one company is a 75% subsidiary of the other, or where both are 75% subsidiaries of a third company (Income and Corporation Taxes Act 1988 s413(3)).

Member's pensionable salary

Term used in Income and Corporation Taxes Act 1988 s629 in relation to the pension of a government minister.

member state

A country which is part of the **European Union (EU)**.

members' statement

Statement issued by members of a company in connection with a resolution they are seeking. Such statements are governed by Companies Act 2006 ss314-

317.

members' voluntary winding-up

Winding up of a solvent company by its members.

memento mori

Latin: remember you must die.

memo

Abbreviation of **memorandum**.

memorandum account

Any form of financial record outside the double-entry bookkeeping. A **ledger** is a memorandum account (other than the nominal ledger).

The sales ledger and bought ledger are examples of memorandum accounts. Entries to a memorandum account do not affect the overall position as recorded in the nominal ledger. However the memorandum account balance should be reconciled to agree with the relevant figure in the nominal ledger.

memorandum in writing

Provision that related to property transactions before Law of Property (Miscellaneous Provisions) Act 1989 came into effect. This now requires both parties to sign a contract in a property transaction.

memorandum of association

Definition

"A memorandum of association is a memorandum stating that the subscribers:

(a) wish to form a company under this Act, and
(b) agree to become members of the company and, in the case of a company that is to have a share capital, to take at least one share each" (Companies Act 2006 s8(1).

In practice, a modern memorandum only requires a list of subscribing members. An older memorandum is still binding on the company.

Contents

The memorandum or accompanying documents must state:

- the company's proposed name;
- whether the company's registered office is in England or Wales or Scotland or Northern Ireland;
- whether the liability of members is to be limited, and, if so, whether by shares or guarantee;
- whether the company is to be a **public**

company or a private company;

- the name and address of any agent acting for the subscribers;
- (for companies limited by shares) a statement of the capital and details of **initial shareholdings**;
- (for companies limited by guarantee) a **statement of guarantee**;
- proposed address of registered office;
- **statement of proposed officers**;
- copy of the proposed **articles of association**, unless the **relevant model articles** are to be adopted; and
- **statement of compliance**.

Value added tax

There was no separate supply of a zero-rated book when a company formation business provided bound copies of the memorandum and articles of association. This was part of a single standard-rated formation service (*JP Company Registrations Ltd [1986] VTD 2249*).

memorandum of understanding (MOU)

An agreement between parties defining the roles and responsibilities of each in relation to the other or others. Such an agreement is not legally enforceable.

memorandum of wishes

A letter or other document from a testator to his or her executors giving further details of how he or she wishes their property to devolve. It is a document that complements the will but cannot override it.

memorandum rule

For stamp duty, the rule that a memorandum evidencing an oral contract may need to be stamped as if it were the original document.

memorial

Value added tax

For VAT, a memorial is generally standard-rated. It is not within the scope of the exemption for burial and cremation. Further details are given in VAT notice 701/32.

Income tax

The income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s172ZA, with effect from 1 March 2012.

memorial book A memorial book bought by a church to record the deaths of parishioners was not zero-rated as a book because its pages were blank when supplied (*Ormesby St Michael Parochial Church Council [2001] VTD 17375*).

memory

Human brain

Ability to store information and experiences and recall them, such as for evidence.

Psychological tests have determined these conclusions on memory:

- someone must see something for a minimum of between one fifth and half a second to remember it,
- short-term memory allows for about 4 or 5 items to be remembered at a time,
- long-term memory uses a different part of the brain, and has huge storage capacity, much of which is not used,
- a person who organises data remembers it better,
- information that appears significant to the person at the time is remembered much better than more recent insignificant events.

Computers

Ability to store data.

Typically a computer has two types:

- random access memory (RAM) that uses a chip and handles data currently being used, and
- secondary storage, such as on disks, optical disks and the computer's own hard disk. Access to and from secondary storage is much slower, but the capacity is far greater.

Storage is measured in kilobytes, megabytes, gigabytes, and (now) terabytes. Each measure is 1,000 times the capacity of the previous one in the list.

menial

Description of work of a servile or humiliating nature.

mens rea

Latin: guilty mind. It is one of the two conditions that must usually be proved to obtain a criminal conviction. The other is **actus reus**.

mental capacity

General

Ability to make decisions for oneself. This is now

governed by Mental Capacity Act 2005 which took effect in October 2007. It generally replaced the Mental Health Act 1983. A person who lacks mental capacity is called a **patient**.

The law assumes that everyone has mental capacity until the contrary is established (Mental Capacity Act 2005 s1(1)). A person lacks capacity "if at the material time he is unable to make a decision for himself in relation to the matter because of an impairment of, or a disturbance in the functioning of, the mind or brain" (ibid s2(1)).

Trusteeship

The 2005 allowed a person, a **trustee**, to act for a patient in making decisions on health and welfare, in addition to finance (which was the only area allowed for in the 1983 Act). The 2005 also provides a checklist and is supported by a Code of Practice.

The trustee is usually a close relation or close friend. If no-one is able to act in such a capacity, the **Office of the Public Guardian** may provide one. This may require an application to the **Court of Protection**.

Contracts

In general, the law upholds agreements made by patients to the extent that the patient can understand them. It is possible for a patient to be capable of buying food, but not of entering into a mortgage.

A decision made by a person while they have capacity remains valid when capacity is lost, though a trustee may vary such a decision if it seems to be in the patient's interests to do so.

Tax administration

The trustee will usually deal with the patient's tax affairs, and may sign the tax return in such capacity.

mental disorder

"Any disorder or disability of the mind" (Mental Health Act 2007 s1(2)).

Dependence on drugs or alcohol is not considered a disorder of the mind (Mental Health Act 1983 s1(3)).

mental health care

"Psychiatric services, or other services provided for the purpose of preventing, diagnosing or treating illness, the

arrangements for which are the primary responsibility of a consultant psychiatrist" (Care Act 2014 Sch 3 para 7(8)).

mental health treatment requirement

Requirement that a person subject to certain types of order of a court must under treatment and comply with directions of a registered medical practitioner or chartered psychologist (Criminal Justice Act 2003 s207).

mental impairment

Term used in Mental Health Act 1983

This term is dropped under Mental Health Act 2007 s1(3)(a).

Although a person has sufficient mental impairment under the Act, that person does not necessarily come within the scope of Disability Discrimination Act 2005 (*McDougall v Richmond Adult Community College [2007]*).

The term is defined differently under Disability Discrimination Act 1995 s68 and Sch 1 para 1(1) as "an impairment resulting from or consisting of a mental illness only if the illness is a clinically well-recognised illness".

mental incapacity

Lack of **mental capacity** as shown by an inability of a person to manage their own affairs because of some mental illness or injury or similar.

mentally disabled person

In relation to capital gains tax on settled property, "means a person who by reason of mental disorder within the Mental Health Act 1983 is incapable of administering his property or managing his affairs" (Taxation of Capital Gains Act 1992 Sch 1 para 1(6)).

menu

List of items offered at a restaurant. By extension, it applies to any list from which a user may make a selection. The term is used in computing for a list of functions that can be accessed in a program.

menu costs

In economics, costs attached to adjusting price, such as restaurant having to reprint its menu.

meo periculo

Latin: at my peril.

Term means that a person does something at his own risk.

MEP	Member of the European Parliament.
Mer	Merivale's Reports, law reports of Chancery from 1815 to 1817.
mercantile	Pertaining to merchants or trade.
mercantile agent	"A mercantile agent having in the customary course of his business as such agent authority either to sell goods or to consign goods for the purpose of sale, or to buy goods, or to raise money on the security of goods" (Factors Act 1889 s1(1)).
mercantile law	Law which relates to commerce.
mercantile marine	The commercial ships that belong to a country.
mercantilism	Term for various political policies since 16 th century, all of them based on the relationship between politics and trade. Today the term usually means Adam Smith's teaching that the source of wealth is labour and not trade.
mercenary	Excessively motivated by money. The term is also used as a noun to mean someone willing to fight for money rather than for a cause or loyalty.
merchandise in baggage	Goods commercially imported by being carried in a person's luggage. Details of the Customs implications are given in Customs notice 6.
merchandise inventory	American term for stock of finished goods.
merchant	(1) Person who buys and sells for business reasons. (2) In banking, a business which accepts credit cards.
merchant bank	Bank which deals with companies rather than individuals. They particularly deal with funding new issues of shares.
mere equity	Right relating to property that is lesser than an equitable right or legal right . It only affects parties to a transaction. An example is the right to amend a document.

merge Come together to make one.

merger

Companies

Process of combining two businesses into one.

For public companies, there are special legal provisions in Companies Act 2006 from s904.

Current accounting standard

“An entity combination that results in the creation of a new reporting entity formed from the combining parties, in which the controlling parties of the combined entities come together in a partnership for the mutual sharing of risks and benefits of the new formly entity and in which no party to the combination in sunstance obtains control over any other, or is otherwise seen to be dominant.

“All of the following criteria must be met for an entity combination to meet the definition of a merger:

(a) no party to the combination is portrayed as either acquired or acquiree, either by its own board or management or by that of another party to the combination;

(b) there is no significant change to the classes of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination; and

(c) all parties to the combination, as represented by the members of the board, participate in establishing the management structure of the combined entity and in selecting the management personnel, and such decisions are made on the basis of a consensus between the parties to the combination rather than purely by exercise of voting rights”

(FRS 102 glossary).

Previous accounting standard

“A business combination that results in the creation of a new reporting entity formed from the combining parties, in which the shareholders of the combining entities come together in a partnership for the mutual sharing of the risks and benefits of the combined entity, and in which no party to the combination in substance obtains control over any other, or is otherwise seen to be dominant, whether by virtue of the proportion of its shareholders' rights in the combined entity, the influence of its

directors or otherwise”
(FRS 6 para 2).

Leases

Extinguishment of a lesser right over land when it comes into the same ownership as a greater one, such as when a freeholder acquires a leasehold interest.

merger arbitrage

Investment prompted by mergers, take-overs and similar events.

merger by absorption

In company law, when the undertaking, property and liabilities of one company are taken into another public company (Companies Act 2006 s904(1)(a)).

merger by formation of a new company

In company law, when the undertaking, property and liabilities of two or more public companies are transferred into a new company, which need not be a public company (Companies Act 2006 s904(1)(b)).

merger relief

Relief from company law rules on **share premium account** on a merger, providing that one company acquires at least 90% of the shares of the other.

These provisions are set out in Companies Act 2006 s612 onwards.

Mergers Directive

EC Council Directive 90/434/EEC.

Its tax provisions are contained in Finance Act 2007 s110.

Provisions relating to capital gains tax are given in Taxation of Capital Gains Act 1992 ss140E-140L.

merging companies

Company law

In company law, for a **merger by absorption**, means the transferor and transferee companies.

For a **merger by formation of a new company**, the term means the transferor companies (Companies Act 2006 s904(2)).

Venture capital trusts

For the purposes of venture capital trusts, this is defined in Income Tax Act 2007 s323(1). This states that “there is

a merger of two or more companies (the merging companies) if —

(a) shares in one of the merging companies (“company A”) are issued to members of the other merging company or companies, and

(b) the shares issued to members of the other merging company or, in the case of each of the other merging companies, the shares issued to members of that other company, are issued —

(i) in exchange for their shares in that other company, or

(ii) by way of consideration for a transfer to company A of the whole or part of the business of that other company”.

Section 323(2) further states that “there is also a merger of two or more companies (“the merging companies”) if —

(a) shares in a company (“company B”) that is not one of the merging companies are issued to members of the merging companies, and

(b) in the case of each of the merging companies, the shares issued to members of that company are issued —

(i) in exchange for shares in that company, or

(ii) by way of consideration for a transfer to company B of the whole or part of the business of that company”.

merit award

Award added to pay which an employee has earned by merit.

meritocracy

Government by persons because of their position in society.

MERV

Minimum Efficiency Reporting Value.

Mervardeskatt (MOMS)

Swedish: value added tax.

mesaj

Rarely-encountered form of bond whose terms have been arranged to make it appear exciting and capable of significant rescue from desperate situations.

Meshor order

“An order by the courts that a spouse holding an interest in the matrimonial home should hold it on trust for a

limited period, for example until remarriage of the other spouse or death of the other spouse or the 18th birthday of the youngest child of the marriage and entitling the other spouse to occupy the home for the trust period" (Trust manual 65365).

Where the home is the main residence, the usual **main residence relief** is available for capital gains tax. The trust will usually be a **discretionary trust** which may trigger inheritance tax charges. For this reason, divorce settlements often seek to avoid Mesher orders.

mesne profits

Money that a landlord may claim from a tenant who remains in occupation after the tenancy has ended.

message unit

American term for a unit used to charge for long-distance telephone calls.

mess allowance

Such a payment to a member of the **armed forces** may be exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s297.

Messrs

Abbreviation of Messieurs. This abbreviation was used as the plural of Mister, and was once commonly used to identify family businesss, as in Messrs Smith And Sons.

messuage

House with associated garden, outbuildings and orchard.

metadata

General information about a document or other collection of data.

Under Freedom of Information Act 2000, all information provided must include its metadata. This includes its author, version number, reference number, security details and instructions for disposal.

metallic thread

Security feature in Bank of England notes.

The thread looks like silver dashes normally but becomes a solid line when held up to the light. It is sometimes called Stardust.

métayer

Farmer who pays the rent with crops rather than in cash.

mete

Measure; apportion.

meter	Machine used to measure, such as used for water, gas or electricity. The readings may be used to calculate bills for usage.
methodological individualism	In economics, the requirement that the causes of social phenomena explain how they result from the motivations and actions of individuals.
Methuselah	Champagne bottle with a capacity of eight standard bottles.
methylated spirits	<p>Name for liquid which largely comprises ethyl alcohol but which is made unsafe to drink and therefore avoids the excise duty for alcoholic liquor.</p> <p>Methylated spirits contain methyl alcohol, which is a poison rather than an intoxicant. It may also contain purple dye.</p> <p>Customs had three classes of methylated spirits:</p> <ul style="list-style-type: none">• Mineralised Methylated Spirits (MMS);• Industrial Methylated Spirits (IMS);• Denatured Ethanol B (DEB). <p>They are now all classed as denatured alcohol.</p> <p>From 1 July 2005, the general Customs term is denatured alcohol.</p> <p>The relevant law is Alcoholic Liquor Duties Act 1979 s75. It is an offence to use such spirits as a beverage or medicine (ibid s80).</p> <p>In Scotland, it is an offence to sell the spirit to a person under 14 (Methylated Spirits (Sale by Retail) (Scotland) Act 1937).</p>
methylation	The manufacture of methylated spirits.
métier	One's profession or calling.
metre	<p>Metric unit of length. It was originally denominated as one ten millionth of the distance between pole and equator.</p> <p>One yard equals 0.9144 metre.</p>
metric carat	Unit of weight equal to one fifth of a gram.

metric hundredweight

50 kilograms. This is a little under the imperial hundredweight which equates to 50.804 kilograms.

metric system

System of units or length, mass etc that use the base ten, as against old **imperial system** that used historic measures of other multiples. The exception is time, which uses traditional measures of 60 seconds to a minute, 24 hours to a day etc.

The main metric units are the **metre** for length, **litre** for capacity and **gram** for weight. Other units include the ampere for electric current, Kelvin for temperature, candela for luminosity, radian for plane angle and steradian for solid angles.

The units are sometimes prefixed to indicate multiples and submultiples, such as "kilometre" for 1000 metres. The full list is:

Prefix	Abbreviation	Multiple
yocto	y	10 ⁻²⁴
zepto	z	10 ⁻²¹
atto	a	10 ⁻¹⁸
femto	f	10 ⁻¹⁵
pico	p	10 ⁻¹² (one trillionth)
nano	n	10 ⁻⁹ (one billionth)
micro	μ (Greek letter)	10 ⁻⁶ (one millionth)
milli	m	10 ⁻³ (one thousandth)
centi	c	10 ⁻² (one hundredth)
deci	d	10 ⁻¹ (one tenth)
deca	da (or dk)	10 ¹ (ten)
hecto	h	10 ² (one hundred)
kilo	k	10 ³ (one thousand)
mega	M	10 ⁶ (one million)
giga	G	10 ⁹ (one billion)
tera	T	10 ¹² (one trillion)
peta	P	10 ¹⁵
exa	E	10 ¹⁸
zetta	Z	10 ²¹
yotta	Y	10 ²⁴ .

Under Measurement Regulations SI 1995 No 1804, almost all measures must be expressed in metric units with some exceptions for pints and miles.

It was intended to make it illegal to quote imperial units, even for comparison purposes, from 1 January 2010, but that law was repealed in 2007.

metronymic	Part of a person's name that is derived from the name of their mother or remoter female ancestor.
meum et tuum	Latin: mine and thine.
Mexico	South American state. Its currency is the peso of 100 centavos. The UK has a double taxation convention of 1994 and a protocol of 2011.
mezzanine	Floor midway between two storeys. A free-standing mezzanine floor has been held to be plant and machinery for the purposes of capital allowances.
mezzanine finance	Finance provided to a company after it has started up.
mezzanine level	Stage of a company's development before it goes public .
MFET Ltd	<p>Company set up by Department of Health to make payments to individuals who have contracted AIDS through contaminated blood or blood products used in the NHS. The name comes from the Macfarlane and Eileen Trusts that formerly provided this funding.</p> <p>Such payments are disregarded when determining payments of means-tested social security benefits. They are also exempt from income tax as set out in SI 2010 No 673.</p>
MFI	Money flow index.
MFR	Minimum funding retirement.
MGA	<p>(1) ISO code for Madagascan ariary.</p> <p>(2) Abbreviation: ariary, currency of Madagascar.</p>
MGO	Marked Gas Oil
MGP	Manufactured gas plant.
mho	Old term for unit of electric conductance, now more commonly known as siemens. The word is ohm spelled

backwards.

MHRA	Medicines and Healthcare products Regulatory Agency.
MI	Myocardial infarction. Common abbreviation for sick notes (HMRC leaflet E14).
MIA	Missing in action
MIB	(1) Merchandise in Baggage . (2) Motor Insurers Bureau.
Mibtel	All-share index on the Italian stock exchange.
Micawber	Incurable optimist, from Mr Micawber in <i>David Copperfield</i> by Charles Dickens. He was always waiting for "something to turn up".
Micawberish	Having the nature of Mr Micawber .
MICEX	Stock exchange, recognised by HMRC from 5 January 2011.
Michaelmas	English quarter day of 29 September. It is the Western Church's festival of the feast of St Michael and All Angels. Michaelmas is also used for the law term from September to December.
micro-	Prefix used in metric units. It means 10^{-6} , or one millionth.
micro business	"Means an undertaking which meets the following conditions... — (a) it has a headcount of less than 10, and (b) it has — (i) a turnover, or (ii) a balance sheet total, of an amount less than or equal to the micro business threshold ". (Small Business, Enterprise and Employment Act 2015 s33(3)).
micro business size regulations	Term used in Small Business, Enterprise and Employment

Act 2015 s33(3) for the conditions that must be met for a business to be a **micro business**.

micro business threshold

Monetary limits of turnover and balance sheet total, below which a business qualifies as a **micro business** under Small Business, Enterprise and Employment Act 2015 s33(3).

microcard

Old form of text storage in which 200 pages of text could be filed in reduced type on one card that can be read using an enlarging device.

microchip

Small piece of silicon on which an electronic circuit has been printed.

microcircuit

Electronic circuit with components formed in one unit of semiconductor crystal.

microcomputer

Small computer device used as a controller for another device.

microcopying

Copying on to **microfilm**.

microdot

Text or other data which is reduced to what looks like a dot to the naked eye. Microdots are widely used for security purposes.

microeconomics

Study of economics at the lowest level, such of individual people or businesses.

“The study of how economic resources are allocated in and between parts of the economy, including individuals and households” (HM Treasury glossary).

micro-entity

EU accounting term for a business which meets at least two of these criteria:

- balance sheet total of €250,000
- net annual turnover of €500,000
- maximum of ten employees.

Such businesses are to be grant relief from some business requirements. This includes producing a simplified profit and loss account and profit and loss account. The announcement was made on 31 May 2011. The UK government says it supports this proposed directive.

Such a business may now prepare its accounts under FRS 105.

microfiche

Plastic slide on which text is printed in a size that requires a special reader to be legible. Company records were widely available on microfiche before computers replaced them.

For VAT, microfiches are generally standard-rated and do not benefit from the zero-rating for books (VAT notice 701/10).

microfilm

Photographic taken at a very small scale, often so that many photographs can be kept on a small piece of film. It is read using an enlarger.

microgeneration

Facilities for a home to produce electricity. The law is Energy Act 2004 s82.

Use for the generation of electricity of any plant which uses apparatus that derives its energy solely from **renewable sources** such as sunshine or wind (Climate Change and Sustainable Energy Act 2006 s26(1)). The maximum amount for electricity is 50 kilowatts and for heat 45 kilowatts thermal.

A gain on the disposal of a microgeneration obligation may not be a chargeable gain under Taxation of Capital Gains Act 1992 s263AZA.

microlettering

Very small letters that look like dots to the naked eye.

This is used as a security feature on modern Bank of England notes. Using a strong lens, the dots under the Queen's portrait appear as letters and numbers indicating the note's value.

micromillimetre

One millionth of a millimetre, in other words a nanometre.

micron

Unit of size equal to one millionth of a metre, now called a micrometre.

Micronesia

Nation of federated states in Pacific Ocean. They became independent in 1986. The currency is the US dollar of 100 cents. The UK has no double taxation treaty.

Micropal star ratings	Rating system for unit trusts. Micropal continually monitor all UK unit trusts, measuring the balance between each fund's performance over three years against the up or down movements in its unit price (i.e. the volatility). They then award stars on a scale from 0 to 5, with the highest number going to those funds with the lowest volatility - and therefore risk - in relation to their overall performance. Five stars is the top award.
microperforation	Perforation which is so small that it is not noticed by the naked eye.
microprocessor	Integrated circuit on a silicon chip used in a computer, or a collection of such chips intended to work together.
MID	Measuring Instruments Directive.
Midas	King of Phrygia who supposedly turned everything he touched to gold.
mid cap	Imprecise investment classification of companies of substantial size but which are not regarded as large.
middle date	Date which is regarded as the accounting date when accounts are made up to a day of the week, such as the last Friday of the month, rather than to a fixed date. As a consequence, the date could be any of seven consecutive days (or eight for February). For tax purposes, the accounting date is the fourth date in the sequence of seven or eight dates under Income Tax (Trading and Other Income) Act 2005 s211.
Middle East	Generally reckoned as the Arabic-speaking countries around the eastern end of the Mediterranean, plus Greece, Turkey, Cyprus, Iran and much of north Africa.
Middle Temple	One of the four Inns of Court . It dates from 1404.
middy	Australian slang for a quantity of beer, the amount depending on location.
Midland Bank	One of the Big Four banks in the UK, which is now part of HSBC under which name it trades.

The bank was formed in Birmingham in 1836 as the Birmingham and Midland Bank. By 1918 it was the largest bank in the world.

It adopted the name Midland Bank in 1923. Its logo was a griffin in a circle of dots. It also styled itself "the listening bank".

The bank expanded through acquisitions including Montagu Trust in 1967, and travel agents Thomas Cook in 1972 (which it sold in 1992).

The Hongkong and Shanghai Banking Corporation acquired a 14.9% holding of Midland in 1987, and bought out the bank in 1992. Midland Bank was renamed HSBC bank in 1999.

Midland Marine

Leading court case on the matching of **foreign exchange** assets and liabilities.

Its full citation is *Pattison v Marine Midland Ltd [1983] 57TC219*. It is discussed in the Inspectors' Manual at BIM39520-39521.

midnight

Time at which a day of the calendar legally starts.

mid price

In investment, the average of the bid price and offer price of a security.

Midsummer Day

The English **quarter day** of 24 June, marking the summer solstice when nights are their shortest.

midwife

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.

MiFID

European Parliament and Council Directive on markets in financial instruments, as given effect in UK by SI 2004 No 39.

MiFID II

A revised form of **MiFID** which it is proposed to introduce in 2017.

MIG

Minimum income guarantee.

migrant settlement

Trust that moves from being UK-resident. The capital gains tax implications are given in Taxation of Capital

	Gains Act 1992 s89.
migrating trustee	Trustee who ceases to be UK-resident. The capital gains tax implications are given in Taxation of Capital Gains Act 1992 s82.
migration of payments	In banking, change of payment method, particularly when one method is discontinued. From 2008, many large retailers stopped accepting cheques. Customers migrated to cash and debit cards.
migratory fish	"Fish of a kind which migrates from fresh to salt water, or from salt to fresh water, in order to spawn" (Water Act 2014 s61(9)).
MIIC	Motor Insurers' Information Centre.
mil	(1) Unit of wire diameter equal to one thousandth of an inch. (2) Coin equal to one thousandth of a pound, minted in Cyprus. (3) Unit of angular measurement equal to 0.05625 degrees or 1/6400 of a circle.
MILA	Integrated Latin American Market.
milch-cow	Cow yielding milk. By extension, the term means to any source of ready financial gain.
mile	Imperial unit of length, still widely used in transport. It equals 1,760 yards, 5,280 feet or 1609.344 metres. It was originally 1,000 paces.
mileage allowance payments	"Amounts, other than passenger payments (see section 223), paid to an employee for expenses related to the employee's use of such a vehicle for business travel (see section 236(1))" (Income Tax (Earnings And Pensions) Act 2003 s229(2)).
mileage allowance relief	Amount per mile that may be paid to an employee for use of a personal vehicle on the employer's business, without triggering a liability to income tax or national insurance (Income Tax (Earnings And Pensions) Act 2003 s251). If the employer reimburses at a lower rate, the

employee may claim income tax relief on the shortfall.
Any excess is taxable.

Mileage Allowance Relief Optional Reporting Scheme (MARORS)

Optional scheme whereby an employer could (from 2002) report to Inland Revenue that it was reimbursing employees for use of their cars for business at less than the approved mileage approved rate. This meant that the employee was automatically given a tax refund for the shortfall. If an employer chose not to use MARORS, the employee had to make the claim directly from Inland Revenue.

Miliband, Ed

English Labour politician (1969-) who was leader of the Labour party from 25 September 2010 to 8 May 2015.

Military Cross

Award for bravery. Payments of pension or annuity in respect of the award are free of income tax (Income Tax (Earnings And Pensions) Act 2003 s638).

Military End Use Council Regulations

Name for SI 2003 No 150. This requires authorisation by HMRC for Customs procedures. These procedures change from 1 May 2016 as explained in Customs Information Notice 44 of 2 November 2015.

Military Medal

Award for bravery. Payments of pension or annuity in respect of the award are free of income tax (Income Tax (Earnings And Pensions) Act 2003 s638).

military service

Certain pensions paid for military service are exempt from income tax (Income Tax (Earnings And Pensions) Act 2003 s639).

milk

This is zero-rated for VAT.

Under Value Added Tax 1994 Sch 8 Group 1, food is generally zero-rated. Excepted Item 3 standard-rates beverages. Items Overriding The Exception 6 reverses the exception, thus reinstating the zero-rating.

The zero-rating extends to "preparations and extractions thereof".

Further guidance is given in VAT Notice 701/14.

milk quota

Definition

Producer's right to sell a fixed amount of milk each year. It is an asset its own right, independent of the milk itself. As such it can be part of a farmer's estate for inheritance tax purposes.

Since 1994, it has been possible for milk quota to be sold separately from the land to which it relates, and for quota to be temporarily transferred between farmers.

These quotas are issued under European Union rules from 2 April 1984 to restrain excessive milk production. The quota is now allocated by the Rural Payments Agency.

The current EU regulations are 3950/92 given effect in the UK by the Dairy Produce Quota Regulations 1994.

Value added tax

The VAT position is that the sale of a quota without land is a standard-rated supply. The sale of quota with land is usually regarded as part of the supply of the land. The matter is discussed in the Inspectors' Manual at VFOOD9950.

Capital gains tax

The capital gains tax position is given in Taxation of Capital Gains Act 1992 s248D.

milk retention

Part of the income earned by a dairy farmer who chose to sell his milk through **Dairy Farmers of Britain**. These retentions are part of the taxable income of the farmers even though many could not be realised when Dairy Farmers went into receivership on 3 June 2009.

mill

Building

Place of production. A mill is specifically included in the definition of **industrial building**.

Currency

US measure of currency equal to one thousandth of a dollar, or one tenth of a cent.

milled edge

Grooves round the edge of a coin.

millennium

Period of 1000 years. The term popularly referred to the year 2000, though, strictly, the millennium did not start

until 2001.

millennium bug

The set of problems occurring (or expected to occur) on January 1, 2000 and other related dates caused by short-sighted programming that coded the years with only 2 digits. The problem largely did not materialise. The extent to which such expenditure was capital or revenue is discussed in the Inspectors' Manual at BIM35865.

Millennium Gift Aid

Provision in the rules for **Gift Aid** which set a lower minimum donation for the years 1998/99 to 1999/2000 on charitable donations to low-income countries.

The limit was £100 as against £250 that otherwise then applied. The provisions became otiose from 6 April 2000 when all Gift Aid thresholds were abolished.

millesimal

One thousandth.

milli-

Prefix used in metric units. It means 10^{-3} , or one thousandth.

milliard

Old term which meant one thousand million or 10^9 . This term is now usually conveyed by the word **billion**.

millième

One thousandth of an Egyptian pound, currency of Egypt.

milling

In brewing, a process where the malted barley is broken open to utilise the starchy inner parts of the malt corms to produce grist.

million

The number 1,000,000 or 10^6 .

millionaire

Person who is worth a million pounds or a million of another currency.

millionary

Pertaining to one million.

milreis

(1) A Portuguese coin used before the **escudo**.
(2) A Brazilian coin used before the **peso**.

MIME

In computing, multipurpose mail extensions.

It is an Internet standards that extends the scope of **e-mails** to include non-standard text, non-text attachments, and message bodies with multiple parts.

Almost all e-mails are now written in MIME format.

mimeograph	Early form of duplicating machine that used a stencil.
mina	(1) Ancient Greek weight or sum of money equal to 100 drachmas. (2) Israeli weight or sum of money equal to 50 or 60 shekels.
mine	(1) Place from which mineral is extracted. See mines . (2) In investment, word used by dealers to indicate that they have accepted an offer quoted by a counterparty.
miner	A coal miner may receive free coal or an allowance in lieu of coal. Such coal or allowance is tax free under Income Tax (Earnings And Pensions) Act 2003 s306. A similar provision applies for former miners under ibid s646.
mineral asset	“Means — (a) any mineral deposits or land comprising such mineral deposits, or (b) any interest in or right over such deposits or land” (Capital Allowances Act 2001 s397).
mineral deposits	“Includes any natural deposits capable of being lifted or extracted from the earth, and for this purpose geothermal energy is to be treated as a natural deposit” (Capital Allowances Act 2001 s394(3)).
mineral exploration and access	The tax implications are given in Corporation Tax Act 2009 s137 and Income Tax (Trading and Other Income) Act 2005 s161.
mineral extraction	The process of winning, quarrying, mining or otherwise extracting natural materials from the ground. Provisions relating to capital allowances can be found in Capital Allowances Act 2001 from s159 and in s 396.
mineral extraction allowance	Capital allowance for mineral extraction activities. The tax provisions are given in Capital Allowances Act 2001 from s394.

This allowance may restrict the tax relief for **tenants under a taxed lease** (Income Tax (Trading And Other Income) Act 2005s62 or Corporation Tax Act 2009 s64).

mineral extraction trade “Means a trade which consists of, or includes, the working of a source of mineral deposits but to the extent only that the profits or gains from that trade are, or (if there were any) would be, chargeable to tax” (Capital Allowances Act 2001 s394(2)).

mineral lease or agreement Corporation tax provisions are given in Corporation Tax Act 2009 s274.

mineral leases The chargeable gains provisions are set out in Taxation of Capital Gains Act 1992 from s201.

Mineral Oil Reliefs Centre (MORC)

Office of HMRC that allows **rebated oil** to be used in vehicles on payment of the duty.

mineral resource “Means a solid, liquid or gaseous mineral resource” (Deep Sea Mining Act 2014 Sch para 2(3)).

mineral royalties Payment to someone for extracting or winning minerals. Its provisions for income tax are given in Income and Corporation Taxes Act 1988 s122(5). Its provisions for corporation tax are given in Corporation Tax Act 2009 s135.

Corporation tax provisions for relief in respect of such royalties is given in Corporation Tax Act 2009 s258. Relief for expenses is given in s272.

mineral water For VAT, this is standard-rated. It does not benefit from the zero-rating for **water**.

mineralised methylated spirits (MMS)

Mixture of 90 parts by volume of spirits, 9.5 parts wood naphtha and 0.5 parts crude pyridine. To each 1000 litres of this is added: 3.75 litres of mineral naphtha (petroleum oil) and 1.5 grams of methyl violet.

It is one of the three classes of **methylated spirits** on which alcoholic liquor duty is not payable.

mines	Profits from a mine run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).
Ming	Chinese dynasty from 1369 to 1643, famous for its pottery and other art.
mingy	Colloquialism for being mean, or ungenerous.
minibus	<p>Vehicle with between nine and 16 passenger seats. It is category D1 on the driving licence. A driver must generally be 21 to obtain a licence for this category.</p> <p>A person who has a driving licence for cars obtained before 1 January 1997 may drive a minibus provided it has no more than 17 seats (including the driver's) and is being driven other than for hire or reward.</p> <p>For the purposes of works transport service, a minibus is "a vehicle constructed or adapted for the carriage of passengers which has a seating capacity of 9, 10 or 11" (Income Tax (Earnings And Pensions) Act 2003 s242(3)).</p>
minibus permit	Permission which allows certain organisations to operate minibuses for hire or reward without having to obtain a passenger carrying vehicle licence.
mini-ISA	<p>Term used between 6 April 1999 and 5 April 2008 to distinguish individual savings accounts between maxi-ISAs and mini-ISAs.</p> <p>An investor was allowed to invest in only one maxi-ISA but could invest in more than one mini-ISA which had a separate cash limit.</p>
minimisation	Finding the lowest possible solution, such as reducing a heating bill.
minimum	Lowest amount possible.
minimum age	Age at or above which a person is allowed to do something, such as buy alcohol or drive a car.
minimum amount	Term used in relation to personal allowances (Income and Corporation Taxes Act 1988 s256B).

minimum consideration rule Rule that relates to **pre-completion transactions** for SDLT. Details are given in Finance Act 2013 Sch 39 para 12-14.

This rule only applies where the ultimate purchaser of the land interest is either connected with the seller, or where the sale is otherwise not an arm's length transaction. It uses a formula to determine a figure. This is substituted for the actual consideration if it is greater.

minimum contribution Amounts of class 1 national insurance that HMRC refunds to an **approved personal pension scheme**. The provisions are contained in Pension Schemes Act 1993 from s43.

minimum distance Mathematical method for determining the shortest distance, such as planning routes from depots to stores.

Minimum Efficiency Reporting Value (MERV)

Building measurement scale devised in 1987 to rate the effectiveness of air filters.

minimum funding requirement (MFR)

Rule introduced by Pensions Act 1995, effective from 1997, which broadly requires pension funds to have sufficient assets to meet their liabilities.

minimum guarantee The lowest amount of total income received by a person receiving a tax credit.

minimum guaranteed future value (MGFV)

The minimum sum a seller of domestic goods, particularly cars, is prepared to pay after a set number of years to buy back the item under a **personal contract purchase**.

minimum income guarantee (MIG)

Benefit provided by the government to top up low pensions. It was replaced by pension credits in 2003.

minimum income requirement

Obligation to meet the **minimum income threshold**.

minimum income threshold (MIT)

Minimum amount of pension that a pensioner over 74 must be receiving to allow him or her to draw down from a pension fund instead of annuitizing the fund.

The figure is £20,000.

The tax provision is given in Finance Act 2004 Sch 28 para 14A(2) as inserted by Finance Act 2011 Sch 16.

The provision was largely superseded in 2015.

minimum lease payments

Tax law

"In the case of any lease, the minimum lease payments are the minimum payments under the lease over the terms of the lease (including any initial payment) together with:

(a) in the case of the lessee, so much of any residual amount as is guaranteed by him or a person connected with him, or

(b) in the case of the lessor, so much of any residual amount as is guaranteed by the lessee or a person who is connected with the lessor"

(Capital Allowances Act 2001 s70YE(1)).

Accounting standard

"The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with:

(a) for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee; or

(b) for a lessor, any residual value guaranteed to the lessor by:

(i) the lessee;

(ii) a party related to the lessee; or

(iii) a third party unrelated to the lessor that is financially capable

of discharging the obligations under the guarantee.

However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the **inception of the lease**, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it."

(FRS 102 glossary).

minimum lending rate (MLR)	The lowest rate charged by the Bank of England to lending houses. It was replaced by the base rate in 1981.
minimum payments	<p>“The minimum payments an employer must make to a COMP/COMPSPH or the COMP part of a COMB scheme are the differences between NICS at the not contracted out rate, and the lower contracted out rate. This also applies to married women and widows paying the contributions at the reduced rate. Payments must be made by the employer to the scheme within 14 days of the end of the income tax month in which liability for NICs arose on earnings on which minimum payments are due” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).</p> <p>These provisions cease to be relevant from 6 April 2016.</p>
minimum price fluctuation	Small increments in market price movement that is usually possible in a futures or options contract.
minimum proportion	In relation to attribution of gains to beneficiaries, this term is defined in Finance Act 2008 Sch 7 para 126(17).
minimum quote size	In investment, the minimum number of shares for which a market maker must display prices.
minimum reserves	The smallest amount of reserves an organisation may hold, particularly a bank.
minimum share capital	<p>The smallest legal amount of share capital that a limited company may have.</p> <p>There is no lower limit for a private company. For a public company, the lower limit is £50,000 or the equivalent in euros (Companies Act 2006 s763(1)). This amount is known as the authorised minimum.</p>
minimum span	In statistics, an optimisation technique used for finding the shortest distances within a network when order is not important.
minimum wage	Lowest wage which may be lawfully paid. This is the national minimum wage unless an organisation sets a higher minimum.

- mining concession** Right to dig a mine on a piece of land.
- Mini One Stop Shop (MOSS)** VAT system available from 1 January 2015. This allows a business that makes supplies of telecommunication, broadcasting and e-services to register in one member state and charge VAT at the rate of other member states in respect of supplies made to customers in those states.
- mini-pupillages** “Mini-pupillages are short periods of work experience, usually for one week, in a set of chambers. The format varies between chambers, but mini-pupillages generally involve shadowing a member of chambers and learning what their work involves. Mini-pupillages provide an invaluable insight into life as a barrister and may provide some useful contacts to assist you in finding pupillage. You are strongly advised to do at least one mini-pupillage before making pupillage applications and you should try to do more than one. You can apply for mini-pupillages at any stage, although you may find it difficult to obtain one if you are still at school, and some chambers require you to be studying law before you can apply.” (Bar Council website)
- mini-regime** Scheme proposed by the European Union in 2011 under which small companies would be permitted to produce simpler balance sheets and profit and loss accounts. This has now been enacted as provisions for **micro-entities**.
- miniskirt** Short skirt which stops above the knee. They became fashionable from around 1965 to 1973, and have been fashionable several times since.
When first introduced, the government lost purchase tax because shorter skirts came within the scope of untaxed **children's clothing**. This led to a change in the law defining children's clothing according to other measurements and how they are held out for sale. These provisions are still included in current VAT law (VAT notice 714).
Short skirts are also seen as a fanciful measure of the economy known as the **hemline theory**.
- ministerial office** In relation to allowable expenses, this term is defined in Income Tax (Earnings And Pensions) Act 2003 s295(3).

ministerial trust **Special trust** which requires just normal business skills to administer.

minister of religion Tax exemption for their accommodation is given in Income Tax (Earnings And Pensions) Act 2003 from s290. Relief for certain other expenses is given in ibid s351.
The matter is discussed in the Inspectors' Manual at EIM60001.

Calculation of profits of the profession or vocation of a minister of religion is addressed in Income Tax (Trading and Other Income) Act 2005 s159.

From 6 April 2016, there is a special provision for a **lower-paid employment as a minister of religion**. Broadly they are exempt from tax on a benefit in kind for accommodation and other incidental expenses (Income Tax (Earnings and Pensions) Act 2003 s290C).

Minister of State An additional minister appointed to a government department that already has a Secretary of State. The Treasury has at least four ministers of state in addition to the Chancellor of the Exchequer.

Ministry of Defence fire-fighter This is defined in Armed Forces Act 2016 s16(3).

Ministry of Finance Name given in many countries to the equivalent to the **Treasury** in the UK. In 2003, the government considered establishing a separate department under a project named **Teddy Bear**.

Ministry of National Insurance (MNI) Body that administered national insurance and social security from 1948. This work is now done by the Department of Work and Pensions.

mink Small animal whose fur is valued for clothing.

minor *Young people*
Person under 18. Note that **child** means a person under 14.

A minor has a limited **capacity to contract**. This is generally restricted to buying necessities at a fair price. A minor cannot own property, so there are some tax-advantaged forms of **trust** that may be used. These

include **18-25 trusts** and **trusts for a bereaved minor**.

A trust for a minor may be voidable during minority or soon after the 18th birthday.

Minors are generally liable to pay tax on the same basis as adults. There is an exception for national insurance where the tax is not paid for those under 16.

Income from a parent is regarded as the child's only up to £100 a year. Thereafter, the income is regarded as still being the parent's.

Minors qualify for a lower rate of **national minimum wage**.

Of small amount

In relation to PAYE settlement agreements, refers to "the amount of the sums paid or the type of benefit provided or made available" (PAYE regulations SI 2003 No 2682 s196(3)(a)).

minor benefits

Benefits exempted by Treasury

Benefit that the Treasury may by Order exempt from being treated as a benefit in kind when provided to an employee (Income Tax (Earnings And Pensions) Act 2003 s210). Orders have been made for certain meals, bus and minibuses services, pensions advice and recreational facilities, among others.

Benefit covered by a PAYE settlement agreement

Benefit an employer provides to an employee which is of a small amount and may therefore be covered by a PAYE settlement agreement. Examples are given in statement of practice SP 5/96. It should be noted that if a benefit is also **trivial**, it may be exempt from tax completely from 6 April 2016.

minority

Less than half the votes, people or other population.

minority interest

The amount of a **subsidiary** not owned by the **holding company**.

minority interest in a subsidiary undertaking

"The interest in a subsidiary undertaking included in the consolidation that is attributable to the shares held by or on behalf of persons other than the parent undertaking

and its subsidiary undertakings" (FRS 2 para 13).

minority participator

For inheritance tax, "is a participator of the transferor company who is not, and is not a person connected with, a participator of the principal company of the group or of any of the principal company's participators" (Inheritance Tax Act 1984 s97(2)(b)).

mint

Produce coins. The Mint or Royal Mint is where British coins are produced. There were also many local mints.

Coins were minted at the Tower of London until 1810 when it moved to new nearby premises. In 1968, it moved to Llantrisant, near Cardiff.

mintage

Number of coins produced for a particular year and denomination.

One of the highest mintages of recent years was the 740 million 20p coins produced in 1982.

mint condition

State of a coin fresh from the mint, or another item in similarly new condition.

mint-mark

Mark on a coin indicating the mint where it was produced.

minuend

In arithmetic, the number from which another is subtracted.

minus

An indication of an amount to be subtracted.

minuscule

Very small, originally a small script. Note that the fourth letter is U; the word has no connection with the prefix mini-.

minus sign

A short dash – that indicates an amount to be subtracted.

minute

Unit of time comprising 60 seconds. There are 60 minutes in an hour.

minute-book

Book in which **minutes** are recorded.

minutes

Formal record of a meeting.

Company law requires that minutes are kept of board meetings and general meetings.

The minutes are generally regarded as provisional until accepted as true and fair record by the next meeting of the same group.

minutiae

Small particulars or details.

MIRAS

Mortgage Interest Relief at Source. Although this is no longer available, tax relief may still be claimed for some old years under Income and Corporation Taxes Act 1988 s369.

mirror covenants

Terms in a sub-lease which simply replicate terms in the head lease.

mirrored term agreement (MTA)

Agreement reached by an employer and its employees or their trade union regarding compliance with **TUPE regulations**. These broadly require the employees in a business taken over to have continuity of employment and same employment rights as with their previous employer.

mirror legislation

When text in one Act is reproduced in the same or similar terms in another Act.

There are many examples where text in the Income Tax Act 2007 is mirrored in Corporation Tax Act 2009 or 2010.

misappropriation

Illegal use of money by someone who had access.

misbestow

Bestow improperly or on the wrong person.

miscalculate

Calculate incorrectly.

miscarriage of justice

When the courts have failed to do justice.

miscegenation

Marriage, sexual relations or other mixing of races.

miscellaneous transactions

Term used in Corporation Tax Act 2010 s91 in relation to income and losses, particularly from offshore activities.

mischief rule

One of the methods for interpreting an Act of Parliament. (The other main methods are the **golden rule** and **literal rule**.)

The mischief rule asks for what purpose the Act was passed. It was expressed in *Hayden's case* [1543]. It is now only followed when words are ambiguous.

In the leading tax case *Pepper v Hart* [1992], the House of Lords held that the courts could look to **Hansard**, the record of Parliamentary proceedings to see the purpose of the Act.

In the case *Madeley v HMRC SpC 547* [2006], the Special Commissioners made reference to an Inland Revenue press release.

mischmetal

Alloy of cerium with other metals to make the flint in a **mechanical lighter**.

miscomputation

Incorrect computation, false reckoning.

misconduct

Rules about misconduct by HMRC officers may be made under Commissioners for Revenue and Customs Act 2005 s28.

misdeclaration

Incorrect information on any declaration made to HMRC, particularly relating to VAT.

misdeemeanour

Old term for a less serious crime, as against a **felony**.

In the UK, this distinction was abolished by Criminal Law Act 1967 s1. The distinction remains in US law.

misdirection

Wrong advice is given by someone who should know the correct answer.

In tax law, the term usually applies when an officer of HMRC gives wrong advice to a taxpayer.

VAT notice 700 states "if [an HMRC] officer, with the full facts before him or her, has given a clear and unequivocal ruling on VAT in writing or, knowing the full facts, has misled a taxable person to that person's detriment, any assessment of VAT due will be based on the correct ruling from the date the error was brought to the taxable person's attention".

miser

Person who is unnecessarily reluctant to spend money so they can hoard it. The word comes from the Latin for "wretched".

misfeasance	Doing a lawful act in an unlawful manner, such as smuggling.
misleading statement	<p>Statement which is expressed to make a person believe that it says something which is untrue.</p> <p>It is a criminal offence for a director to make a false statement in the directors' report, directors' remuneration report or summary financial statement (Companies Act 2006 s463(1)).</p>
mismanage	Manage badly.
mismatch condition	Term used in relation to diverted profits tax, and which is defined in Finance Act 2015 s86(2).
misprision	Legal offence of concealment or neglect.
misrepresentation	<p>State of fact which the person making it knows or believes it to be untrue and which is intended to induce a person to make a contract. An obvious example is any false statement about the quality of goods offered for sale.</p> <p>Misrepresentation is covered by Misrepresentation Act and by common law. It usually allows the injured party to claim damages. In some circumstances, it can allow the contract to be rescinded.</p> <p>Misrepresentation may be fraudulent misrepresentation, negligent misrepresentation or innocent misrepresentation. The legal consequences are different.</p>
Miss	Title used by an unmarried woman, including a girl.
Missing in Action (MIA)	<p>Scheme of relief from estate duty suffered by those killed in the war. Details are given in the entry for killed in action. These provisions can still be relevant if claiming transferable nil rate band for inheritance tax where the first death was before 12 March 1952.</p> <p>This relief is quite separate from the inheritance tax relief for those killed on active service.</p>
missing trader fraud (MTIC)	Simple but widespread fraud whereby goods are brought into the UK free of VAT. They are then sold subject to VAT at the standard rate. Input tax is claimed by the importer

from HMRC. The importer then absconds. It is also known as **missing trader-intra community fraud**. The UK is, by far, the worst affected EU state.

Goods most commonly used are high value low bulk items such as mobile phones and computer chips.

Reverse charging was introduced for these items from 1 June 2007 to counter fraud.

Sometimes innocent companies are duped into participating by offers of easy profits. HMRC may refuse to pay the input tax if there is evidence that the company knew or should reasonably have known that it was fraudulent. HMRC routinely suspends payment of input tax while this is investigated. MTIC cases are frequently litigated, usually with HMRC winning. Guidance is provided by the **Bond House decision**.

Variations include **carousel fraud** which is where the same goods are passed from business to business in different EU member states.

Another variation is to run a **dirty chain** of MTIC fraud with a **clean chain** of legitimate trade. The input tax from the dirty chain is offset against the output tax from the clean chain. As this does not trigger a VAT repayment, it is less likely to be immediately challenged. This is known as **contra-trading**.

missing trade intra-community fraud (MTIC)

Full name of **missing trade fraud**.

mission statement

Precise description of what an organisation does. It asks the question "why?" rather than "how?"

mistake

In civil cases at common law, a mistake may be relieved in three situations:

- to recover money paid under a mistake of fact;
- in deceit, to recover money paid by fraudulent misrepresentation;
- as a defence under contract law where the nature of the mistake was such that a contract could not have been formed.

In equity, a wider range of mistakes may be relieved. To claim such relief it is generally necessary for each party to be informed of the mind of the other.

In written documents, obvious mistakes are usually

corrected by the court.

In tax, relief for a mistake may be claimed under Taxes Management Act 1970 s33. Current practice is to regard all mistakes as arising from carelessness, and therefore to impose a penalty if any tax has not been paid by the due date.

There are also some specific provisions for VAT mistakes that arise from **misunderstanding** or **misdirection**.

mistigris

Form of poker in which the joker or a blank card may be used for any value.

mistrial

Trial that is invalid because of an irregularity.

misunderstanding

A type of extra-statutory concession applied in exceptional circumstances. It allows tax relief, where VAT is undercharged by a registered business on account of a bona fide misunderstanding. Conditions apply.

VAT notice 700 states "in certain circumstances, we may exceptionally take no further action about VAT undercharged by a taxable person as a result of a genuine misunderstanding which does not concern anything clearly covered in our published guidance, or in specific instructions given to that taxable person".

misuse

Wrong use.

misused stamp

For stamp duty, when too much duty has been paid. It is treated as a **spoiled stamp**. The tax provisions are in Stamp Duties Management Act 1891 s10.

MIT

(1) Minimum income threshold.
(2) Market-if-touched.

Mitchell v Finney Lock Seeds

Landmark court case of 1983 on exclusion clauses. It was the last case heard by Lord Denning. It broadly established that an exclusion clause is only enforceable if reasonable.

mite

Old Flemish coin of very low value. By extension, it is applied to any low value coin or small amount.

mitigation	<p>When a charge is reduced, such as a tax penalty where the taxpayer has been co-operative.</p> <p>Mitigation applies only to certain types of civil penalties. For example, misdeclaration penalty and belated notification penalty.</p>
mittimus	<p>Latin: we send. A name for a writ.</p>
Mitt joint	<p>In gambling, a club where the house cheats the players, or one that turns a blind eye to cheating in general.</p>
mixed-consideration swap	<p>Type of oil licence swap (Taxation of Capital Gains Act 1992 s195A).</p>
mixed economy	<p>Mixture of state control and capitalism. Most British political parties support the mixed economy though they may disagree on where the boundaries should be.</p>
mixed expenditure	<p>Expenditure that contains two or more elements that are treated differently for tax. The expression is used in the Inspectors' Manual at BIM24460 in relation to expenditure related to mutual trading which is not allowable against the taxable profits of non-mutual trading.</p>
mixed funds	<p>Fund which comprises elements of a different financial nature, such as capital and revenue, or taxed and untaxed.</p> <p>The term is particularly relevant in relation to the annual fee paid by non-domiciled taxpayers.</p> <p>In relation to the remittance basis, there are special provisions in Income Tax Act 2007 s809Q. For this purpose, the term is defined in <i>ibid</i> s809R(7).</p>
mixed holding	<p>A single holding including shares that qualify for share loss relief and shares that do not. The tax treatment is addressed in Corporation Tax Act 2010 s76.</p>
mixed loan	<p>Loan which has more than purpose that qualifies for relief against income tax. The types of loan are set out in Income Tax Act 2007 s383(2) and the provisions for mixed loans are set out in <i>ibid</i> s386.</p>

mixed question of fact and law

Court case where the jury establishes the facts, and the court determines the legal consequences of those facts.

mixed strategy game

In statistics, **game theory** where there is no **saddle point**. The optimal position is to make one move within a specified time, and another within the remaining time.

mixed supply

For VAT, where a charge is made on a single inclusive price for a number of separate supplies of goods or services. This is different from a single supply of a mixture of goods or services, to which a single rate of tax applies.

mixer

Soft drink that is often mixed with an alcoholic drink. Common examples include tonic water and lemonade.

mixing beer

“Mixing of beer from one brew with that from another and the mixing of beers of different alcoholic strengths” (Customs notice 226).

There are certain restrictions for **beer duty** purposes, and special record keeping requirements for calculating the duty.

MKD

ISO code for Macedonian denar.

MKO

Marked kerosene.

MLA

Member of the Legislative Assembly, of Northern Ireland.

MLAR

Mortgage Lending and Administration Return, as required by the Financial Services Authority.

MLC

Meat and Livestock Commission.

MLRO

Money laundering reporting officer.

MMA

Married man's allowance.

MMC

Monopolies and Mergers Commission, now abolished.

MMK

ISO code for Myanmar (or Burmese) kyat.

MMS	(1) Mineralised methylated spirits. (2) Multimedia messaging service.
MNE	Multi-national enterprise.
MNI	Ministry of National Insurance.
MNR	“Sum equal to the appropriate fraction of the upper relevant maximum amount” for corporation tax, where there are ring-fenced profits (Finance Act 2007 s3).
MNT	ISO code for Mongolian tughrick.
MO	(1) Modus operandi. (2) Mechanical output. This term is used in Climate Change Levy (General) Regulations 2001 Sch 3. (3) Medical officer.
mobile catering	Sale of food from a van. For VAT, this has sometimes created a problem in determining whether the supply is zero-rated food or standard-rated catering. In the case <i>C&E v B H Cope [1981] STC 532</i> , a supply at a racecourse was held to be catering as the premises were discernable. In <i>B R Jones [1977] VATTR 155</i> , a supply in an open space was held to be food. Note that hot take-away food and drink is now always standard-rated.
mobile crane	<i>Driving licence</i> Vehicle which is used for high construction work. From 1 January 1999 it is classed as a large goods vehicle for driving licence purposes. <i>Excepted vehicles for oil duty</i> “Means a vehicle which is designed and constructed as a mobile crane and which — (a) is used on public roads only as a crane in connection with work carried on at a site in the immediate vicinity or for the purpose of proceeding to and from a place where it is to be or has been used as a crane, (b) when so proceeding does not carry any load

except such as is necessary for its propulsion or the operation of built-in lifting apparatus, and
(c) has a revenue weight exceeding 3,500 kilograms”(Hydrocarbon Oil Duties Act 1979 Sch 1 para 9(2)).

Revenue weight is defined in Vehicle Excise and Registration Act 1994 s60A.

mobile home

For VAT, this may come within the definition of a zero-rated **caravan**. Guidance is given in VAT notice 701/20.

mobile phone

Mobile telephone.

mobile pumping machine

“Means a vehicle —

(a) which is constructed or adapted for use, for the conveyance of a pump and a jib satisfying the requirements in sub-paragraph (3),

(b) which is used on public roads only —

(i) when the vehicle is stationary and the pump is being used to pump material from a point in the immediate vicinity to another such point, or

(ii) for the purpose of proceeding to and from a place where the pump is to be or has been used, and

(c) which when so proceeding, does not carry —

(i) the material that is to be or has been pumped, or

(ii) any other load except such as is necessary for the propulsion or equipment of the vehicle or for the operation of the pump”

(Hydrocarbon Oil Duties Act 1979 Sch 1 para 9A(2)).

mobile telephone

From 6 April 2006, the provision of one mobile telephone to an employee is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s319). This section provides a definition. A second mobile telephone is generally a taxable benefit.

Between 6 April 1999 and 5 April 2006, there was no limit to the number of mobile phones an employer could provide tax-free.

Between 6 April 1991 and 5 April 1999, an employee was subject to tax on the benefit at a fixed rate of £200 per phone.

mobility activities	In relation to the mobility component of the personal independence payment , “means such activities as may be prescribed for the purposes of this section” (Welfare Reform Act 2012 s79(4)).
mobility component	One of the elements of the social security benefit, the personal independence payment . The relevant law is given in Welfare Reform Act 2012 s79.
mobo	Motherboard in a computer.
MOC	Market-on-close .
moccasin	Type of footwear. It was held that moccasins from size 3 did not qualify for VAT zero-rating as children’s clothing in the case <i>Brays of Glastonbury Ltd [1978] VTD 650</i> .
mock auction	Auction at which the bidding is rigged. Participation is an offence under Mock Auctions Act 1961.
MOD	(1) Manufactured overseas dividend . (2) Ministry of Defence
mode	In statistics, a form of average that selects the number that occurs most frequently in a series. Its most common use in business is determining the most popular size for selling a product.
model	A model may retire on a personal pension below the age of 50, provided: <ul style="list-style-type: none">• the person had the right by 5 April 2006,• the right was unqualified in that it needed no other person to consent,• the right was set out in the governing documentation of the pension scheme by 10 December 2003. (SI 2005 No 3451, as explained in the Inspector’s Manual at RPSM 03106035).
model articles	Draft articles of association which a company may use, with whatever modifications it wishes. These are produced under the authority of Companies Act 2006 s19, and may be downloaded free from Companies House

website.

If a company fails to adopt its own articles, the model articles apply to it by default (Companies Act 2006 s20).

modelling

(1) In mathematics, producing a mathematical representation of a situation so that it can be examined when subject to various circumstances.

(2) In employment law, modelling agencies are exempt from some of the restrictions that generally apply to employment agencies.

modelling level

In the fashion industry, the extent to which the model is prepared to undress.

modem

Electronic device used to transmit and receive data as a frequency-modulated tone over a telephone line or other communication system. The term is a contraction of modulator, demodulator.

mode of trial

Where a court case is heard.

moderator

Term used for various officers, particularly in churches and universities. At Oxford and Cambridge, the term was used for a person who oversaw the examinations in mathematics.

Modern Company Law for a Competitive Economy

Series of government reports issued from 1998 on fundamentally reforming company law. The reports were issued in six phases and led to Companies Act 2006.

modern slavery

“A person commits an offence if—

(a) the person holds another person in slavery or servitude and the circumstances are such that the person knows or ought to know that the other person is held in slavery or servitude, or

(b) the person requires another person to perform forced or compulsory labour and the circumstances are such that the person knows or ought to know that the other person is being required to perform forced or compulsory labour. “ (Modern Slavery Act 2015 s1).

modest private use	Term used in Income Tax (Earnings And Pensions) Act 2003 s238. Modest private use of a heavy goods vehicle, as set out in the section, is not a taxable benefit in kind.
modified duration	In investment, measure of price sensitivity of a bond to interest rate movements.
modified PAYE	Part of original PAYE scheme whereby the week 1 basis could be used for two weeks and the cumulative code for the third week. It is no longer used.
modus et conventio vicunt legem	Latin: custom and agreement overrule law. This is the legal maxim that parties are free to contract what they wish.
modus legem dat donationi	Latin: Agreement gives law to the gift. This means that a transfer of land settles the conditions on which the land is to be transferred.
modus operandi (MO)	Latin: plan of working.
modus vivendi	Latin: way of living.
Mohs scale	Scale of hardness of solids from 1 to 10. Talc scores 1 and diamonds 10.
mohur	Old form of Indian currency. A gold 1 mohur coin may be regarded as an gold investment coin for VAT purposes (VAT notice 701/12A).
moidore	Old gold coin of Portugal.
moiety	One half.
molasses	Thick treacle derived from sugar. It was once subject to excise duty.
Moldova	Eastern country. Its currency is the Moldovan leu (plural is lei) of 100 bani. The UK has a double taxation convention of 2007.

momentum	In investment, the perceived strength behind a price movement of a security. Strong momentum means the price will continue to rise or fall.
MOMS	Mervardeskatt , Swedish for "value added tax".
Monaco	Principality in Europe. It is not a member of the European Union but is part of its Customs union. Its currency is the euro of 100 cents. The UK has no double taxation treaty but does have a tax information exchange agreement of 2014.
monandry	State of having one husband.
Monagasque	Pertaining to Monaco .
monarch	Sole hereditary head of state.
monetarism	(1) Accounting principle that the accounts only reflect items to which a value in money terms may be ascribed. (2) Economic principle that markets determine economic policy. Monetarism is the economic principle behind Thatcherism, which replaced the previous policy of Keynes.
monetary	Related to money or capable of being expressed as an amount of money.
monetary assets	Assets to which a monetary value can be ascribed.
monetary attributes	Term used in FRS 18 para 6 in defining measurement bases . The term basically means the value of an item in the accounts.
monetary base control	The stock of cash that an economy has. i.e. the level of notes and coins. The closest measure of the money supply that we have to this in the UK is M0. Some Monetarists argued that the level of the money supply in the economy could be controlled by strict control of the monetary base. By tightly limiting the level of notes and coins available, financial institutions would be unable to expand their assets too quickly. They would have to be sure they had enough cash to operate. This process is

known as monetary base control.

monetary items

Assets and liabilities to which a value in money can be ascribed.

“Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency” ((FRS 102 glossary).

monetary limit

Any limit expressed as an amount of money.

The term is particularly used for the limit for **long-life assets** for capital allowances (Capital Allowances Act 2001 ss97-100).

monetary policy

“The regulation of money supply and interest rates by a central bank, such as the Bank of England, to achieve economic objectives” (HM Treasury glossary).

Monetary Policy Committee (MPC)

Committee of nine people chaired by the Governor of the Bank of England. It is independent of the government.

It meets monthly to set the level of interest rates in the economy. They set interest rates according to the targets they have been set for inflation. If they feel inflation is set to rise they may increase interest rates and vice-versa.

monetary value

Amount something is worth as expressed as an amount of money.

monetise

Give a **monetary value** to.

monetising debt

In economics, paying off part of the nation debt by **quantitative easing** (commonly known as printing money). This can lead to inflation.

money

Means of exchange and **store of value**.

In 1875, the English economist William Stanley Jevons (1836-1882) also saw it as a measure of value and a standard of value. The four functions were summarised in the couplet:

*Money's a matter of functions four,
A medium, a measure, a standard, a store.*

Within a defined area, money takes the form of **currency** which may be regarded as **legal tender**.

Sometimes the word is used in a narrower sense, such as to mean banknotes and coins rather than sums in a bank account. The word can also be used in a broader sense to mean **wealth**, including illiquid assets. In economic terms, the various measures of money are indicated as M0, M1, M3 etc.

For VAT, "money includes currencies other than sterling" (Value Added Tax 1994 s96(1)).

money advice	Professional or expert advice offered to a debtor in relationship to a debt payment programme in Scotland (Debt Arrangement and Attachment (Scotland) Act 2002 s3). A debtor may not enter such a programme until he has received money advice.
money at call	Money which a lender can demand at will.
money at call and short notice	Balance in an account to which the owner may have access immediately or within 14 days.
money-bag	Bag designed to carry or store banknotes and coins.
money bill	Public Bill in Parliament that the Speaker of the House of Commons has certified contains only provisions dealing with finance and taxation (Parliament Act 1911 s1). The House of Lords has limited powers to amend such a Bill.
Money Box	Programme broadcast on Radio 4 since October 1977 that discusses personal finance.
money box	A receptacle for saving money, particularly coins. It is either used for personal savings or to collect for a charity.
moneyboxing	"Where the shareholders of a company retain profits in excess of the company's commercial needs and so receive these profits as capital when the company is eventually liquidated" (HMRC consultation on company distributions, 9 December 2015).
money broker	Dealer operating in the interbank and foreign currency markets.
moneybroker dealer	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full

pension at the age of 50.

money debt

Term used for rules on **loan relationship**. It is defined in Corporation Tax Act 2009 s303.

In relation to exchange gains and losses, it is defined in Corporation Tax Act 2009 s483.

In relation to savings income, "is a debt arising from a transaction for the lending of money and which falls to be, or may be, settled —

(a) by the paying of money, or

(b) by the transfer of a right to settlement under a debt which is itself a money debt, subject to the qualifications in regulation 17" (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(2)).

money earnings

Term used in Income Tax (Earnings And Pensions) Act 2003 s18 in relation to salaries and wages paid in money rather than in **benefits in kind**.

money flow index (MFI)

In investment, a technical analysis term to indicate the volumes of money flowing into and out of a market. A divergence between money flow index and price trend can warn of a trend reversal.

money laundering

Any process which is designed to take dirty money (such as from crime) and make it look clean. It is a crime not to report suspicion of money laundering.

Proceeds of Crime Act 2002 s340(11) extends this to include attempts, conspiracy, incitement, aiding, abetting, counselling and procuring of the offence.

money laundering

Process of turning **dirty money** into **clean money**, such as taking proceeds from drug trafficking or terrorism and making it appear as coming from a legitimate source. There are strict laws designed to counter laundering.

money laundering offence

Offence under money laundering regulations. A full definition is given under Proceeds of Crime Act 2002 s447(9).

money lender

Person who lends money as a business by charging interest. Such a business requires a licence under

Consumer Credit Act 1974.

money lying idle

Money which is not being used, such as by being employed in a business or earning interest.

money machine

(1) Term used in Treasury management to describe something which is guaranteed to produce profits. Even if such a money machine were invented, it would quickly be killed off by investors flocking to it. Money machine is often used to mean **arbitrage**.

(2) Device which supposedly produces money, such as printing notes from plain paper, and sold to the gullible. They all work by hiding a real bank note or coin in the mechanism.

money making

Description of an activity which is undertaken to generate a profit.

money market

Any market where money may be borrowed and lent, usually for a short term.

money market fund

Investment fund which invests only in money market activities.

money market instrument

Short-term investment which can easily be turned into cash.

money of account

Measure of currency that does not exist in physical form as a note or coin, such as the UK **guinea** or the US **mill**.

money order

Document which can be used for sending money through the post. It is similar to a **postal order**. The service is offered by several companies.

money purchase

Another name for a **defined contribution** pension scheme.

money purchase arrangement

An arrangement is a money purchase arrangement if, at that time, all the benefits that may be provided to or in respect of the member under the arrangement are cash balance or other money purchase benefits.

The term is defined in Finance Act 2004 s152(2).

money purchase benefits Benefits provided under a pension scheme, the rate or amount of which is calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made under the scheme by the member or any other person or employer on behalf of the member, or any other factor).
The term is defined in Finance Act 2004 s152(4).

money-purchase input sub-total Terms defined in Finance Act 2004 s227C as inserted by Taxation of Pensions Act 2014 s 65(1) with effect from 6 April 2015.

money purchase scheme Pension scheme where the pension is based on the value of the fund accumulated. It is also known as a **defined contribution scheme**.

money rates Rates of interest for lenders or borrowers.

money scrivener Old term for someone who undertakes financial transactions for clients.

money service business (MSB) Business which handles money, such as a bureau de change or third party cheque clearer and is not covered by other provisions. From 1 June 2002, an MSB must register with HMRC under laws on **money laundering**.

money-spinner Idea that leads to the accumulation of wealth.

money supply Total amount of money in the economy at any time. There are many measures from narrow money (designated M0) which measures notes and coins, to M4 which includes all deposits held in banks and elsewhere.

money's worth Tax term used in Income Tax (Earnings And Pensions) Act 2003 s62(3) to mean the taxable value of a **benefit in kind**. Something that is used as a substitute for money, such as when gold bars or gilts are used to pay employees. For tax purposes, such items are treated in the same manner as cash rather than as a **benefit in kind**. In some contexts, such items are known as **readily convertible assets**.

The inspectors' manual at EIM 00570 explains that

the item must be worth money to the employee or be capable of being turned into money by the employee. For the latter, the manual says that the scope is wider than selling the item; it includes rent or hire. So a company car provided to an employee who is banned from driving is still a taxable benefit in kind.

money transmission	Process of transferring funds.
money will make the mare go	Old saying meaning that money can achieve anything. It comes from a line in an old ballad.
Mongolia	Eastern country between Russia and China. Its currency is the tugrik of 100 mongo. The UK has a double taxation convention of 1996.
monies	Old term, still sometimes used for legal purposes, meaning amounts of money.
Monitor	Name given to the Independent Regulator of NHS Foundation Trusts under Health and Social Care Act 2012 s61(1).
monitor	(1) Oversee by periodically checking; a person who does this. (2) Screen for a computer.
monitoring scheme	Fees paid to such a scheme under Protection of Vulnerable Groups (Scotland) Act 2007 may benefit from a tax exemption under Income Tax (Earnings And Pensions) Act 2003 s326A from 6 April 2010.
monkey	(1) Endangered animal. The importation of the animal or its products is generally prohibited under the CITES convention . (2) Slang for £500 or \$500.
monocoque	Vehicle design where the chassis is integral to the bodywork.
monoculture	The growing of only one crop.
monogamy	Marriage to one husband or wife at a time.

monogram	Artistic device whereby initial letters are interwoven.
monogyny	Marriage to one wife at a time.
monomial	Algebraic expression of one term only.
Monopolies and Mergers Commission (MMC)	<p>Body entrusted with investigating possible monopolies, and with some other functions such as control of newspapers. It was administered under Fair Trading Act 1973.</p> <p>On 1 April 1999, it was replaced by the Competition Commission, which itself has been replaced by Competition and Markets Authority.</p>
Monopoly	Trade name for a board game in which players compete to own property and bankrupt other players.
monopoly	<p>Supply by one person, who is then a position to dictate prices in a manner which may not be in the interests of competition. Under Fair Trading Act 1973 ss6-7, a monopoly existed when a supplier controlled at least 25% of the market.</p> <p>Control by two people is called duopoly, control by a small number of people is oligopoly.</p> <p>Where one, two or a small number people control the <i>markets</i> or demand, the terms are respectively monopsony, duopsony and oligopsony.</p>
monopsony	When a market has one customer.
monosodium glutamate	Flavour enhancer. When supplied alone, it is standard-rated for VAT. It is not zero-rated as food because it has no nutritional value (VAT notice 701/14).
Monte Carlo	Administrative area of the principality of Monaco , famous for its casinos.
Monte Carlo simulation	<p>Mathematical method for determining an outcome when a problem can be defined but not calculated.</p> <p>For example, a business may know the probability of certain eventualities happening and the outcome of each eventuality. The eventuality may be allocated a series of numbers, so a 40% probability could be</p>

represented by the numbers 1 to 40, and another 23% probability by the number 41 to 63, and so on.

Random numbers are then used to consider what happens. This process is repeated until a consistent pattern emerges.

In tax, its most likely use is to test the credibility of a pattern of trading.

monte di pi eta

Italian term for a state pawnshop.

montem

Old Custom of Eton college to extract money from passers-by.

Montenegro

East European country which became independent from Yugoslavia in 1996. It is not a member of the European Union but its currency is the euro of 100 cents. The UK double taxation convention of 1981 with Yugoslavia continues to apply.

Montserrat

UK Overseas Territory near St Kitts and Nevis. The currency is the East Caribbean dollar.

month

General

One of 12 periods into which a year is divided.

The calendar month normally comprises these months in order with the number of days as stated:

January 31	May 31	
September 30		
February 28 or 29	June 30	October
31		
March 31	July 31	
November 30		
April 30	August 31	
December 31		

February normally has 28 days, except in **leap years** when it has 29.

Customs

For certain Customs purposes, a month is a period ending on the last Sunday of a calendar month or any other period HMRC may specify.

Legislation

In legislation, the term "month" usually means a

calendar month unless otherwise stated. For example, month "means calendar month" (Interpretation Act 1978 Sch 1). This provision has applied since 1850.

A time limit of one month therefore means by one less than the day in the following month. This is known as the **corresponding day rule**. This has been demonstrated in cases such as *re O'Connor Utilities Ltd [2009] EWHC 3704 (Admin)* where it was held that the time of one limit specified in Customs and Excise Management Act 1979 Sch 3 para 3 from 4 November 2008 expired on 3 December 2008. The consequence was that a notice served on 4 December 2008 was held to be late.

Tax month

A **tax month** is from the 6th day of a calendar month to the 5th day of the next calendar month.

A **lunar month** is a period of four weeks.

month end	End of a calendar month, when accounts may have to be drawn up.
monthly assessment	A direct tax combining elements of subsidy, forced loan and ship money charged between 1642 and about 1700.
monthly business survey	Survey required by Office for National Statistics from a random selection of businesses for the purposes of producing business statistics, particularly index of production (IOP) and gross domestic product (GDP). Participation is compulsory under Statistics of Trade Act 1947.
monthly PAYE threshold	Amount that a monthly paid worker may earn before becoming liable to have income tax deducted under the PAYE scheme. (PAYE Regulations SI 2003 No 2682 reg 9(8)).
monthly return	Return, particularly of VAT, which is made once a month.
Montserrat	Small Caribbean island administered by the UK. The UK has a double taxation arrangement of 1947 amended by an arrangement of 2009.
MOO	Market-on-opening.

Moody's	Company which provides widely used credit ratings.
moolah	Slang term for money. It can be spelled without the final H.
moonlighter	Person who works in a second job. The term comes from those who worked at night. HMRC uses the term to mean a person whose second job is not known to the tax authorities, as against a ghost who is a person not known to them at all.
moonshine	Illicitly produced liquor.
Moore, John	English Conservative politician (1937-) who was Secretary of State for Social Security from 13 June 1987 to 23 July 1989.
Moore Ind App	Moore's Indian Appeals, law reports of Privy Council hearings from 1836 to 1872.
mooring	Tying or otherwise securing a boat to dry land. For VAT, this is generally a standard-rated supply, even for a houseboat . Further guidance for ships is contained in VAT leaflet 744c, and for houseboats in leaflet 701/20.
moot	Description of an issue on which there is more than one view that can be discussed. The term can also mean the discussion or forum for discussion.
MOP	ISO code for Macua pataca.
MOP\$	Abbreviation: pataca, currency of Macau, a special administrative region of China.
moped	Motor-assisted bicycle.
mopping up	Description of any provision that deals with matters not otherwise addressed. Schedule D Case VI was seen as a mopping up provision for income tax not assessable under other schedules or cases.

Mor	Morison's Decisions, series of law reports from 1540 to 1808.
moral	<p>A precondition for a legally binding contract is that it must be for a moral purpose.</p> <p>This has been used to void contracts relating to gambling or to sexual immorality.</p>
moral certainty	Likelihood that is great enough to be acted upon though it cannot be proved.
moral hazards	<p>Risks which derive from trying new and innovative ideas, particularly by a bank.</p> <p>The term was coined in 2007 by the Bank of England to describe the problems encountered by Northern Rock in borrowing heavily from lenders affected by the sub-prime lending crisis. The Bank of England's view was that it should not provide more support against moral hazards as this could encourage banks to take greater risks.</p>
morality tax	<p>Term used from the 1960s to 1980s to describe the tax disadvantages that a couple could suffer by marrying, as compared with living together.</p> <p>There are still disadvantages of marriage, particularly for social security.</p>
moral obligation	<p>When a person is obliged to do something because of the requirements of honourable conduct rather than because of any legal requirement.</p> <p>A moral obligation may arise when a person has promised something but not completed the legal formalities.</p>
moral rights	In relation to copyright, means the right of a creator of the work to be identified as such, and not to have his work subjected to derogatory treatment (Copyright Designs and Patents Act 1988 s77).
moral test	Test used by the Irish court in <i>Hayes v Duggan</i> [1926] where the Irish Supreme Court held that profits from illegal fruit machines could not be taxed because it was immoral for the state to profit from what it forbids. This view was specifically disavowed in the UK, particularly in <i>Mann v Nash</i> [1932]. The matter is discussed in the

Inspectors' Manual at BIM22008.

moratorium

Temporary cessation of payments while a company in difficulty attempts to sort itself out.

This is now permitted in UK insolvency law under Insolvency Act 1986 s1A.

In the USA, this is permitted under **chapter 11**.

moratorium period

In relation to recovering proceeds of crime, means a period of 31 days from when a nominated officer is given notice that consent for certain acts has been refused (Proceeds of Crime Act 2002 s336(8)).

moratur in lege

Latin: he tarries in the law. A demurrer.

morbidity

Relative incidence of disease and accidents in a well-defined class or classes of persons.

morbidity table

Actuarial statistics showing the frequency and duration of a sickness.

MORC

Mineral Oils Relief Centre, a department of HM Revenue and Customs.

mores

Customs or manners of the time.

more than 50% test

Requirement in tax law that **replacement expenditure** for an **integral feature** qualifies for a capital allowance, provided that more than 50% of the asset is replaced within a 12-month period.

more than one document

Principle of stamp duty that, where a transaction is given effect by two or more documents, only one document needs to be stamped.

more than one transaction

Principle of stamp duty that a document must be stamped more than once if it gives effect to more than one stampable transaction (Stamp Act 1891 s3(2)).

morganatic marriage

Marriage between two people of unequal rank.

Morgan Crucible v Hill Samuel

Court case of 1990 on professional liability which held that a liability can be owed to a third party when documents are prepared knowing that the third party will

rely on them.

morgen	Unit of land measure used in Netherlands, South Africa and some other places. It is a little over two acres.
morning	Part of the day before noon.
morning break	Traditional break from work typically around 11am.
Morocco	African country. Its currency is the dirham of 100 centimes. The UK has a double taxation convention of 1981.
mortality tables	Tables indicating how long people are expected to live according to their sex and current age. They are also known as actuarial tables or life expectancy tables .
mortgage	<p>A secured loan used to buy a fixed asset, most commonly a domestic home.</p> <p>There are three main types of mortgage:</p> <ul style="list-style-type: none">• repayment mortgage – the borrower pays off the loan by instalments of capital and interest so that after the agreed period you have paid off all the loan• interest only mortgage – the borrower pays only interest on your mortgage and make other arrangements to repay the capital, like an endowment policy.• flexible mortgage allows a borrower to make overpayments and take payment holidays. <p>Restrictions on charities obtaining mortgages are given in Charities Act 2011 s124.</p>
mortgage agreement in principle	An expression of a lender's willingness to grant a mortgage subject to conditions such as a credit check and property valuation.
mortgage-backed bond	<p>Tradeable bond that paid interest according to a package of mortgages represented by the bond.</p> <p>They were a significant element in the economic crisis of 2008-10 when many of the underlying mortgages proved to be worthless.</p>

~

They were constructed by an investment bank buying a portfolio of mortgages from an originator. A servicer would also be hired to handle the contact with the individual mortgagees, and the costs would be deducted from the interest paid to the bond holders. All other economic proceeds were paid through to the bond holders, who were in essence providing the mortgages. The structure created a new asset class and allowed investors to lend mortgages without having to set up a bank, hire staff, create a brand, and build branches. It greatly lowered the cost of mortgages and made them more available, but was very vulnerable to agency problems.
(Beyond the Crash, by Gordon Brown MP, published by Simon and Schuster Ltd)

mortgage bond	Certificate which established the existence of a mortgage.
mortgage broker	Business that arranges mortgages without being a party to them.
mortgage debenture	Debenture which can be recovered by selling the borrower's property.
mortgage deed	The legal document that is signed to say that the lender has a legal charge over the borrower's property.
mortgagee	Person to whom property is mortgaged, the lender.
mortgage famine	Period when it is difficult to obtain a mortgage.
mortgage indemnity	Insurance taken out by a mortgagor to protect the lender should the property be repossessed and sold for less than the outstanding mortgage. It should be noted that this indemnity protects the lender and not the borrower.
mortgage indemnity fee	Addition to a mortgage indemnity premium when the sum borrowed exceeds the ratio for a normal mortgage indemnity. The fee is, in effect, a second premium.
mortgage indemnity policy	Insurance policy of mortgage indemnity that protects the lender.
mortgage indemnity premium (MIP)	Insurance that covers the lender in case your property is repossessed and the lender cannot get the money.

mortgage interest relief

Tax relief that was available for ordinary **mortgages** before 6 April 2000.

Originally, relief was given for any amount. This was capped at £25,000 from 6 April 1974, increased to £30,000 from 6 April 1983. Chancellor Nigel Lawson's autobiography reveals that he resisted pressure from Margaret Thatcher to raise this limit to £35,000.

From 1 August 1988, the limit applied to the property and not to the borrower.

From 6 April 1983, relief was given at source at **Mortgage Interest Relief at Source (MIRAS)**.

Tax relief was restricted to the basic rate of income tax from 6 April 1991, to 20% from 6 April 1994, to 15% from 6 April 1995, and to 10% from 6 April 1998 until abolition in 2000.

In 1974, the restrictions on the purpose of a qualifying loan were introduced. Before 1969, almost all interest payments were tax-deductible.

Mortgage Interest Relief at Source (MIRAS)

The mortgage lender will reduce the monthly payment required from a borrower by the amount of tax relief applicable to the interest on the loan. The lender can claim the balance from the Inland Revenue. It was abolished in 2000.

mortgage life insurance

Life insurance policy that pays off the balance of a mortgage on the death of the mortgagor.

mortgage payment protection insurance

Another name for **mortgage protection policy**.

mortgage protection policy

Life insurance policy where the sum insured relates to the balance owed on a **mortgage**. Such a policy is often insisted on by the mortgagee as a condition of granting the mortgage. The premium is often low.

It is often not realised that the proceeds of such a policy would go to the bank and not to the mortgagor. It should also be remembered that the sum insured usually reduces each year, and it is only payable in respect of the first death.

Such a policy is no substitute for life assurance.

mortgage rescue	Scheme which allows a mortgagor to sell all or some of his interest in the home and continue living there as a tenant.
mortgagee	Person to whom a property is mortgaged, such as a bank or building society.
mortgagor	Person who mortgages a property, the owner or occupier.
mortmain	Land once held inalienably by ecclesiastical or other corporations.
Morton's fork	<p>Test for which there is only one outcome.</p> <p>The term comes from John Morton (c1420-1500) who was Archbishop of Canterbury and a minister of Henry VII. He raised taxes by using the argument called a fork. If people appeared rich, they could afford to pay. If people appeared poor, they were obviously concealing their wealth and could afford to pay.</p>
mortuum vadium	Mortgage.
moshav	Agricultural settlement in Israel.
Moslem	Alternative spelling of Muslim .
MOSS	Mini One Stop Shop , term used for VAT.
most active	In investment, description of securities that had the greatest number of trades for a defined period.
most recent return	For real time information for PAYE, this term is given a specific meaning in PAYE regulations SI 2003 No 2682 s67G(6).
MOT	Compulsory annual test for most mechanical road vehicles that are at least three years old. It is not possible to pay vehicle excise duty for a vehicle that needs an MOT test but does not have one. The letters originally stood for Ministry of Transport.
MOT certificate	Document confirming that a vehicle has met the requirements of an MOT test.

mothballed	<p>Description of an asset that is no longer needed, but is put into storage for possible later use or sale. The term became common in the second world war in relation to ships.</p> <p>The term originates from the older practice of storing old but still wearable clothes with mothballs. These give off a gas that is toxic to moths which would otherwise eat the cloth.</p>
motherboard (mobo)	<p>The main circuit board of a computer that contains the slots and sockets which interfaces, drives and peripheral devices plug into. On most PCs, memory can be directly added to the motherboard and you may also be able to upgrade to a faster PC by replacing the CPU. Motherboard is sometimes abbreviated as mobo.</p>
Mothering Sunday	<p>Sunday in Lent when it was traditional to allow servants time off work to visit their mothers.</p>
mother-in-law	<p>The mother of one's husband or wife.</p>
motion	<p>Formal proposition put to a general meeting or other collective body which then votes on whether to adopt the proposition.</p> <p>Company law refers to motions as resolutions.</p>
motivation	<p>Matching an employee's objectives to the employer's to maximise productivity. It is one of the main functions of human resources management.</p>
motor caravan	<p>For VAT, this does not come within the scope of a zero-rated caravan (VAT leaflet 701/20).</p>
motorcycle	<p>Two-wheeled vehicle with an engine. For the purposes of driving licence, they are divided into four categories:</p> <ul style="list-style-type: none">• mopeds (up to 50cc)• light motorcycles (up to 125cc and 11kW)• motorcycles to 25kW;• larger motorcycles. <p>These may be driven by qualified drivers who must be 16, 17, 17 and 21 respectively.</p> <p>An employee who uses his or her own motorcycle for work may be reimbursed at 24p a mile tax-free.</p>

motorcycle rider

A motor cycle rider may retire on a personal pension at the age of 40, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

motor home

Vehicle which has facilities for everyday living, such as facilities for eating and washing. Provided the vehicle is not more than 12 metres in length and 2.55 metres wide, it may be driven by the holder of an ordinary car driving licence provided the weight limit is not exceeded.

For VAT, this does not come within the scope of a zero-rated **caravan** (VAT leaflet 701/20).

motor insurance

General

Insurance of a car, its driver and passengers, and against third parties who may be injured or killed by the car.

Legal requirement

Since 1930, it is a legal requirement that a car may only be driven if **third party insurance** is in place (Road Traffic Act 1988 s143(1)(a) as amended). In practice, almost all third party insurance sold exceeds the statutory minimum.

This insures against death and injury to third parties and passengers, and against damage to third party property. There is no statutory requirement to insure the car itself, the driver or third parties or their property on private land.

Other types of policy

Third party, fire and theft is the common name for a policy that also insures the car against theft (but not usually against vandalism) and against fire whether caused by arson or from mechanical failure.

Comprehensive insurance also adds damage to the vehicle caused by the driver, and other damage to the vehicle from third parties.

Some policies add further cover for legal expenses,

a courtesy car, protection should the car be damaged by an uninsured driver and breakdown cover.

Vehicle excise duty implication

A disc evidencing **vehicle excise duty** (road tax) for the year cannot be bought unless there is evidence that the vehicle has at least the statutory insurance.

When an employer pays the insurance for a company car, there is no additional taxable benefit in kind.

- Motor Insurers' Bureau (MIB)** The Motor Insurers' Bureau is a body funded by motor insurance companies, which deals with claims for injury compensation when the driver at fault is not insured, or cannot be traced.
- motor racing driver** A diver may retire on a personal pension at the age of 40, provided:
- the person had the right by 5 April 2006,
 - the right was unqualified in that it needed no other person to consent,
 - the right was set out in the governing documentation of the pension scheme by 10 December 2003.
- (SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035)
- motor spirit duty** Tax which was first imposed in 1909 at 3d per gallon (on the current price of 6d) on petrol.
- This tax is now known as **hydrocarbon oil duty**.
- motor tricycle** Vehicle with three wheels and an engine. A driving licence is needed to drive it, though if it has an unladen weight of up to 550 kilograms, it is regarded as a **light vehicle**.
- motorway** Road designed for fast-moving traffic. It has no traffic lights, roundabouts or similar. Many types of vehicle are banned from using a motorway.
- MOTPO** Mechanical output, total power output. This abbreviation is used in Climate Change Levy (General) Regulations 2001 Sch 3.

motser	Australian slang for a large amount of money won from gambling.
motu proprio	Latin: of one's own motion.
MOU	Memorandum of Understanding.
ounce	Metric ounce, defined as being 25 grams.
mouse	<p>Computer device used to move a cursor round a screen to select functions.</p> <p>A mouse detects movement on a pad, either from a ball or (for more modern mice) a light beam. The movement of the mouse on a mat is mirrored by a cursor on the screen.</p> <p>A click on the button, or left button where there are two, selects the desired item. A click on the right button selects a different range of options. A double click usually opens a file. Pressing down on the button and moving the mouse before releasing it drags an icon on the screen.</p> <p>A mouse may also have a wheel which can scroll down items.</p> <p>The name comes from its superficial similarity to the animal.</p>
mouse mat	<p>Small mat for use with a computer mouse.</p> <p>The mat has a shiny surface for use with a light mouse, or a rougher surface for those that use a ball.</p>
moveable building	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
moveable property	Chattels and other possessions which can be moved, as against land and buildings.
moveables	Furniture, books and other goods that may be easily transported.
moveables tax	Tax charged in 1489 and 1490. It complemented the direct subsidy. It was levied on moveable items other than personal possessions and sea ships. Individuals were

assessed in the place "where they were most conversant".

moving average

In statistics, a process of eliminating short-term variances in a series to show the underlying trend. This is done by taking averages of short series and plotting those averages. For example, taking the average of the current month's figure and the two previous months could give a better indication of an underlying trend.

moving to a higher cost housing area

Before 6 April 1993, an employer could make a tax-free contribution to an employee who moves to an area where housing is more expensive. The figure was related to a scale used in the Civil Service. The last figure (from 1 November 1991) was £18,060.

An employee may now instead be paid a tax-free allowance for **relocation**.

moving walkway

For capital allowance purposes, this is treated as an **integral feature**, which means that it is included in the **special rate pool** and is subject to capital allowance at 8% on the writing down basis, and not the usual 18% for plant and machinery (Capital Allowances Act 2001 s33A).

mowing machine

Road vehicle which is category K on the driving licence.

It is also an exempt machine for the purposes of oil duty: "a mowing machine is an exempted vehicle" (Hydrocarbon Oil Duties Act 1979 Sch 1 para 6).

Mozambique

African country. Its currency is the new metical of 100 centavos. The UK has no double taxation treaty.

MP

Member of Parliament, for whom there are some special tax provisions.

MPA

Major Projects Authority.

MPAA

Money purchase annual allowance.

mpg

Miles per gallon.

mph

Miles per hour.

- Mr** Title used before the name of an adult man.
- MR** (1) Master of the Rolls, senior judge who presides at Court of Appeal.
(2) Main rate, of corporation tax.
(3) Abbreviation: Malaysian ringgit, currency of Malaysia.
- MRO** (1) **ISO code** for Mauritanian ouguiya.
(2) **Market rent only.**
- Mrs** Title used by a married woman.
- Mrs Doyle** Character in the television comedy series *Father Ted* played by the actress Pauline McLynn (1962-).



In the series, she is a batty old housekeeper who routinely says, "ah go on, go on, go on". From 2001 to 2003, she was used in television advertisements by Inland Revenue to encourage people to "ah go on" and complete their tax returns.

- MS** Multiple sclerosis. Common abbreviation for sick notes (HMRC leaflet E14).
- Ms** Title used for a woman who prefers not to indicate whether she is married.
- ms** Manuscript.
- M&S** Maule and Selwyn's Reports, law reports of King's Bench Division from 1813 to 1817.
[This is also the abbreviation for the company Marks and

Spencer.]

MSB	Money service business.
MSCI World	Index of world share prices produced by Morgan Stanley Capital International. It draws share prices from 24 countries.
MSC	Managed service company.
MSCI	Morgan Stanely international index of market movements.
MSC provider	“A person who carried on a business of providing or facilitating the use of companies to provide the services of individuals” (Income Tax (Earnings And Pensions) Act 2003 s61B(1)(b)”.
MSF	Most Similar Force(s), military term.
MSP	Member of the Scottish Parliament.
MT	(1) Country prefix code for Malta. (2) Abbreviation: new metical, currency of Mozambique (3) Symbol used to mark a cylinder or other container that is empty.
MTA	Mirrored terms agreement.
MtCO₂	Million tons of carbon dioxide.
MTD	Making Tax Digital.
MTF	Multilateral trading facility.
MTIC	Missing trade fraud , also known as missing trader intra-community fraud.
MTM	Mark to market.
MTN	Medium-term note.
mu	Greek letter equivalent to M. Its lower case is μ , which is used in abbreviations to mean a millionth of a metric unit.

	The letter denotes 40 in classical Greek. It is pronounced "mew".
mucker	Old colloquialism for a money-grubber.
muckle	Old Scots term meaning a large amount.
mudaraba	Limited partnership and profit sharing under Sharia law. [This is sometimes spelled mudharabah.]
mudharabah	Alternative spelling for mudaraba .
mud money	In acting, payment to extras who are unable to work because the ground is too muddy.
mufawada	Joint venture partnership under Sharia law.
mufti	Ordinary dress of a worker who normally wears a uniform.
mugging	Colloquial name for the crime of assault for the purpose of robbery.
mugshot	Colloquialism for a photograph of a person's face for such use as sales literature or annual reports.
mugwump	Derogatory term for a person who sees himself or herself as important. The term originally meant an Indian chief.
muid	Old French measure of capacity equal to three bushels.
mulatto	Person born to one black and one white parent. This term is no longer considered politically correct.
mulct	Fine, penalty or swindle.
mulier	Latin: wife.
multicollinearity	In statistics, a high degree of correlation between several variables.
multicurrency	Description of an account which is recorded in more than one currency.

multi-employer (benefit) plans

“Defined contribution plans (other than **state plans**) or defined benefit plans (other than state plans) that:

- (a) pool the assets contributed by various entities that are not under common control; and
- (b) use those assets to provide benefits to employees of more than one entity, on the basis that final contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned” (FRS 102 glossary).

multilateral

Between more than one person, business or country.

Multilateral Debt Relief Initiative

Programme launched in 2005 to provide further debt relief to countries whose loans have become unpayable. Its main provision is to write off 100% of loans owed to the World Bank, IMF and African Development Bank.

multilateral development bank

“An international financial institution having as one of its objects economic development, either generally or in any region of the world” (International Development Act 2002 s11(2)).

multilateral netting

Financial method of aggregating sums from different sources into one currency. It is used by banks operating in different countries.

multimedia

The use of a combination of text, pictures, audio, and or video to communicate information.

multimodal operation

Transport operations where a container or trailer is conveyed by two or more means of transport during a single journey, e.g. by air and then by road.

multinational

Description of a business that operates in several countries.

multiple

Arithmetic

A number which is achieved by multiplying another by an **integer**. So the multiples of 5 are 5, 10, 15, 20 etc.

Statistics

In statistics, the number of ways a decision may be made when duplication is permitted and order is unimportant. For example, for a three-letter code there are $26 \times 26 \times 26 = 17,576$ multiples.

multiple bet

Bet where any winnings became the stake for another bet. This process is known as the **accumulator**.

multiple birth

Where more than one baby is born at a time, such as twins or triplets. Only one amount of **statutory maternity pay** is payable for a multiple birth. There is a separate entitlement to **child benefit** for each child.

multiple dwellings

A single interest in acquiring more than one dwelling.
Under Finance Act 2011 Sch 22, stamp duty land tax may be calculated according to the average value.

multiple dwelling transaction

For stamp duty land tax, a transaction "if its main subject-matter consists of —
(a) an interest in at least two dwellings, or
(b) an interest in at least two dwellings and other property"
(Finance Act 2011 Sch 22 para 3(4)).

multiple occupancy

When premises are occupied by several unrelated people. The term is not used when a house is occupied by people who are related to each other.
Under English planning law, an ordinary residence is not in multiple occupancy unless it has more than five people who are not related.

multiple ownership

When an item of property is owned by more than one person.

multiple PAYE schemes

Situation that arises when one employer operates more than one PAYE scheme. Tax law is given in PAYE regulations SI 2003 No 2682 from reg 98.

multiple promoter

A promoter with more than one set of premises.

multiple regression analysis

In statistics, method for identifying relationships between several sets of data.

- multiple site commonhold** A **commonhold** which involves two or more parcels of land, which need not be contiguous (Commonhold and Leasehold Reform Act 2002 s57(1)).
- multiple step income statement** US term for a statement of income and expenditure that provides details of how the totals and sub-totals have been determined.
- multiple windows** In computing, when the user has more than one **window** open at a time.
- multiplication** Mathematical process of determining a product achieving by adding a number so many times. The process is indicated by the multiplication sign x. So $6 \times 7 = 42$ means that if you add 6 to itself seven times, you will have 42.
- multiplier**
- Business rates*
Amount by which the rateable value of a non-domestic property is multiplied to determine the business rates payable for that year.
- Economics*
A concept developed by **Keynes**. It says that any increase in injections into the economy (investment, government expenditure or exports) would lead to a proportionally bigger increase in National Income. This is because the extra spending would have knock-on effects creating in turn even greater spending. The size of the multiplier depends on the level of leakages.
- Multipurpose Internet Mail Extensions (MIME)**
The standard used for attaching files to e-mail messages.
This allows audio, video, graphics, word-processed documents and similar to be attached to be sent by e-mail.
- multi-skilling** Increase of the skills base of the workforce, by training existing staff in new functions.
- multistage sampling** In statistics, a sampling method that starts by identifying representatives whose responses may be regarded as representing the whole population.

multi-tasking	Skill of doing more than one task at a time. The term can apply to multi-skilled staff or to computer software.
multi-tier adviser	Financial adviser who advises on the financial products of a few companies, but not on all companies.
multivariate analysis	Statistical method for handling data with many variables .
multi-year contract	Term used in relation to taxation of corporate members of Lloyd's (Finance Act 2012 s25(4)).
multum	An adulterant in brewing.
multum in parvo	Latin: much into little. A short summary of much detail.
multure	Scots term for a fee, originally for grinding grain.
mum	Form of black beer which is exempt from alcoholic liquor duty (Alcoholic Liquor Duties Act 1979 s4(1)). The word has other meanings.
mumping	Colloquialism for begging or improperly obtaining a financial benefit, particularly when an official takes money for performing a duty he is already obliged to perform. This is made a specific criminal offence under Criminal Justice and Courts Act 2015 s26(4).
mundungus	Bad tobacco.
municipal bond	In USA, a bond issued by a local authority.
municipal bond insurance	In the USA, insurance policy that guarantees a mutual bond against non-payment.
municipal note	In the USA, a municipal debt obligation issued by the state or local government and by agencies. Income tax typically has a maturity of less than two years.
municipal waste	“(a) Waste from households, and (b) other waste that, because of its nature or composition, is similar to waste from households” (Waste and Emissions Trading Act 2003 s21(3)).

munificence	Magnificent giving, bountifulness.
Munro	Inheritance tax case that helps to determine whether a gift is a gift with reservation . In particular, the case established the principle of shearing where an outright gift may be made of less than the whole property. The case was a Privy Council case on stamp duty in Australia, but is still regarded as a valid precedent. The full name is <i>Munro v Commissioners of Stamp Duties (New South Wales) [1934]</i> .
MUR	ISO code for Mauritian rupee.
murabahah	Cost-plus form of financial transaction that is an acceptable form of Islamic finance .
mural	Wall painting. Producing murals is not regarded as construction work for the Construction Industry Scheme.
murder	Crime of the intentional and unlawful killing of a person.
muscovado	Unrefined sugar after evaporating the cane juice and draining off the molasses.
museum	Place to exhibit artefacts for the purpose of learning. Such a body may be able to reclaim VAT under Value Added Tax Act 1994 s33A, even though the museum has not made supplies. The list of bodies is contained in SI 2001 No 2879 Sch. The Treasury may add bodies to and subtract them from this Schedule.
mushroom kits	For VAT, these are specifically zero-rated as being an item to prepare food for human consumption. A reusable container for this purpose is standard-rated. It was held that the kit was a mixed supply in <i>Cheshire Mushroom Farm [1974] VTD 71</i> .
mushroom-shaped stopper	Stopper shaped like a mushroom, and usually attached to a bottle with wire to keep in the internal pressure of its contents. If cider is sold in a bottle with such a stopper, it attracts a higher rate of cider duty (Alcoholic Liquor Duties Act 1979 s62A(3)).

- music** For VAT, sheet music is zero-rated under Value Added Tax Act 1994 Sch 8 Group 3 whether in bound books or loose. The music may be in any notation, handwritten or printed. However the commission of a work from a composer is not zero-rated. Further details are given in VAT notice 701/10.
Music rolls and blank manuscript paper are standard-rated.
Recorded music is generally standard-rated however it is provided (eg vinyl records, CDs, downloads).
The VAT tribunal ruled that music did not extend to text about music (*Flip Cards (Marine) Ltd [1996] VTD 14483*).
- musical work** For averaging of profits, this may count as a **creative work** under Income Tax (Trading and Other Income) Act 2005 s221(3).
- music-demy** Old size of paper equal to 20¾ inches by 14 ⅜ inches.
- Music Export Growth Scheme (MEGS)**
“The Music Export Growth Scheme is designed to make available grants ranging from £5,000 - £50,000 to UK-registered independent music companies to assist them with marketing campaigns when looking to introduce successful UK music projects overseas.” (MEGS website)
- music group** For VAT, a leader of a music group was held to be liable to register for VAT when the group's takings exceeded the registration threshold. The tribunal rejected his argument that he was acting as agent for other members of the group (*S Dorfman [2003] VTD 18816*).
- music roll** Roll of paper or cards containing perforations, designed to operate a fairground organ, player piano or similar musical instrument.
VAT notice 701/10 states that these are standard-rated for VAT and do not benefit from the zero-rating of Value Added Tax Act 1994 Sch 8 Group 3 that covers printed music.
- Muslim** Adherent of the religion of Islam. There are special tax provisions for **Islamic finance**.

mutatis mutandis	Latin: the necessary changes being made.
mutchkin	Scottish measure of drink equal to three-quarters of a pint.
mutiny	Insurrection or rebellion on a ship at sea.
mutual	<p>A commercial organisation owned by its members (as opposed to being owned by shareholders). Examples are building societies and some life insurance companies.</p> <p>The taxation implications of a distribution of a mutual's assets are given in Corporation Tax Act 2009 s101.</p>
Mutual Assistance Recovery Directive (MARD)	<p>EU Council Directive 2008/55/EC that requires EU member states to assist each other in recovering tax. This is given effect in English law by Finance Act 2002 s134 and Sch 39.</p>
mutual business	Corporation tax provisions are given in Corporation Tax Act 2009 s260.
mutual debt	When two people each owe money to the other.
mutual exclusivity	<p>Tax concept that income that is assessed under one source (or Schedule) cannot be assessed under another.</p> <p>The principle is set out in BIM14005 and in cases such as <i>Edon v Ross [1961]</i>.</p>
mutual fund	American term for its equivalent to a UK unit trust.
mutual fund custodian	In the USA, a bank or trust company that protects securities held by a mutual fund.
mutual insurance company	<p>Mutual company that provides insurance.</p> <p>The tax provisions are given in Corporation Tax Act 2009 s634.</p>
mutually exclusive	Description of two options where one precludes the other, usually because there is a common constraint . The term is widely used in investment and management accounting.

mutual organisation	<p>A body which is owned by its members and not by shareholders. Examples of mutual organisations include building societies, clubs and similar, professional bodies and mutual insurance companies.</p> <p>There is a tax implication that a person cannot trade with himself, so transactions within a mutual organisation may not be taxable.</p> <p>As mutual organisations do not have shareholders, they do not need to earn a profit and in effect provide that profit to members by means of a reduced charge for services.</p>
mutual savings bank	<p>In the USA, a savings bank that is owned by its members.</p>
mutual trading	<p>Activities where a company trades with its own members.</p> <p>Such activities do not comprise trading activities (Corporation Tax Act 2009 s633).</p>
mutual wills	<p>When two people each make wills leaving their estate to the other.</p>
mutuum	<p>Bailment comprising a loan of goods for consumption (such as grain or coal) to be repaid as goods of the same kind.</p>
Muzak	<p>Trade name for a device that produces background music. Note the spelling; the middle letter is not S.</p>
MV	<p>(1) Motor Vehicle.</p> <p>(2) Market value. This abbreviation is used in Finance Act 2004 s185C.</p>
MV82	<p>Market value as at 6 April 1982, as used for certain purposes in connection with capital gains tax.</p>
MVL	<p>Members' voluntary liquidation.</p>
MVNO	<p>Mobile virtual network operator.</p>
MVR	<p>ISO code for Maldives rufiyaa.</p>
M&W	<p>Meeson & Welsby's Reports, law reports of Exchequer from 1836 to 1847.</p>

M-way	Abbreviation: motorway.
MWK	ISO code for Malawian kwacha.
Mwst	Abbreviation of Mehrwertsteuer, German for “value added tax”.
Mx	<p>Form of address for transgender people and others who do not wish to reveal their sex in terms such as Mr and Mrs.</p> <p>The Post Office accepts this form from 2015. HMRC and the Department of Work and Pensions also now accept this title.</p> <p>The title was first suggested in 1977. It was introduced by Oxford University in 2014.</p> <p>It is usually pronounced as “mux”.</p>
MXN	ISO code for Mexican peso.
Myanmar	<p>Eastern country formerly known as Burma. Its currency is the kyat of 100 pyas. UK has a double taxation convention of 1951 still in the name of Burma.</p> <p>Payments of a pension made under Pensions (India, Pakistan and Burma) Act 1955 may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s654.</p>
Mysel great gyld	A form of Danegeld imposed in 1083 and 1084 by William I.
My & Cr	Mylne & Craig's Reports, law reports of Chancery from 1835 to 1841.
Myl & K	Mylne & Keen's Reports, law reports of Chancery from 1832 to 1835.
Myners Report	Report produced by Paul Myners in 2001 on institutional investment. The report identified various distortions to effective decision making, and made suggestions on how to tackle them.
mynheer	Dutch form of respectful greeting to a man.

MYR	ISO code for Malaysian ringgit.
myria-	Prefix used in metric units. It means 10^4 or ten thousand.
MZN	ISO code for Mozambique metical.

N

N	<p><i>Tax code</i></p> <p>Suffix to a PAYE tax code used from 6 April 2015. It indicates that the employee has transferred part of his or her personal allowance to their partner.</p> <p><i>National insurance</i></p> <p>National insurance contribution letter used for ocean-going mariners in a contracted out occupational pension scheme. The letter is not used from 6 April 2016.</p> <p><i>Other meanings</i></p> <p>(1) Abbreviation used in text to denote either a name or a number.</p> <p>(2) Old Roman numeral for 90.</p> <p>(3) Indication in a draft document to insert the name of a person or business.</p> <p>(4) Atomic symbol for nitrogen.</p> <p>(5) In relation to HMRC's power to seize funds from a bank account without reference to any court, the number of persons who hold a joint account. (Finance (No 2) Act 2015 Sch 8 para 7(4)).</p>
n	In algebra, a representation of a number, particularly an ordinal.
Naafi	Organisation that provided canteens for service personnel.
Naamloze Vennotschap (NV)	Dutch: limited company.
nab	Colloquialism meaning to arrest.

nabob	Person who has made himself wealthy and consequently sees himself as important. The term was originally limited to Europeans who made themselves wealthy in the East.
Naboth's vineyard	Possession so coveted by someone that they will use any means, however unscrupulous, to obtain it. The term comes from 1 Kings 21 in the Bible.
NACE classification	"The first level of the common statistical classification of economic activities in the European Union established by Regulation (EC) No 1893/2006 of the European Parliament and the Council of 20 December 2006 (as that Regulation has effect from time to time)" (Capital Allowances Act 2001 s51G(7)). A company engaged in such activity may have a restricted right to claim annual investment allowance .
NACUE	National Association of College and University Entrepreneurs.
NAD	(1) No abnormality detected. Common abbreviation for sick notes (HMRC leaflet E14). (2) ISO code for Namibian dollar.
NADFAS	National Association of Decorative and Fine Arts Societies.
NAEA	National Association of Estate Agents.
NAFD	National Association of Funeral Directors.
NAIC	National Association of Investors Corporation.
naked	Description of any financial arrangement which is not hedged or otherwise protected.
naked position	Position of an investor which is not covered by an opposite position.
nakfa	Currency of Eritrea.
nag box	Box that appears unprompted on a computer screen to remind you to do something, such as to upgrade your

software.

- nail** (1) Old unit of weight equal to about eight pounds.
(2) Old unit of length equal to 2¼ inches.
- NALC** National Association of Local Councils.
- nama al-mal** Capital accumulation under **Islamic finance**.
- Name** Member of Lloyd's insurance market who underwrites insurance policies.
- name** The words by which a person, company, business or other item is generally known.
For individuals, the name is broadly whatever a person wishes to be called. This usually comprises **Christian name** and **surname**. For many people, the surname is the same as the person's father, and the Christian names are whatever the parents have chosen. However, there is no law requiring this.
For company directors, the name means a person's Christian name and surname (Companies Act 2006 s163(2)) with exceptions for titled people. The **register of directors** must also give any **former name**.
An individual may run a business using his surname, with or without a first name or initial under provisions of Companies Act 2006 s1192.
- name and arms clause** Clause in a settlement providing that a beneficiary loses his or her entitlement unless they use a specified surname and any coat of arms.
Such a clause is only valid if sufficiently precise.
- name and shame** Popular name given to the provisions of Finance Act 2009 s94. This section allows HMRC to publish the names of those who attempt to cheat HMRC of at least £25,000 tax from 1 April 2010.
A similar provision exists for those who do not pay the national minimum wage.
- name-blind** In human resources, process of job selection where the person's name is withheld to avoid any risk of prejudice on grounds of race, ethnicity or sex. This is generally considered in effective because:

- the CV will often give away this information anyway, such as by listing the schools attended, and
- the person's race and sex will be immediately apparent at interview.

named sums	Tax charged between 1514 and 1516. A sum of £160,000 was ordered to be raised each year according to wealth, but with no precise formula. The actual sum raised each year was less than £50,000.
Namibia	African country. Its currency is the Namibian dollar of 100 cents which is kept at parity with the South African rand. The UK has a double taxation convention of 1962 amended by a protocol of 1967.
nanny	<p>Person who is paid to look after a child, usually while the parents are away working.</p> <p>A nanny is an employee who must be paid under the PAYE system, usually, with class 1 national insurance deducted. A nanny is also entitled to all benefits under employment law, such as holidays and sick pay.</p> <p>If an employer pays for an employee to have a nanny, the employee is subject to tax and the employer to class 1A national insurance on the cost of the nanny, including the employer's national insurance.</p>
nano-	Prefix used in metric units. It means 10^{-9} .
Nansen passport	Passport issued by League of Nations between 1920 and 1922 to stateless persons.
NAO	National Audit Office.
NAO-approved services	Services approved by the National Audit Office in accordance with Budget Responsibility and National Audit Act 2011 Sch 3.
nap	The many meanings of this word includes a racing tip that professes to be a certainty.
NAPF	National Association of Pension Funds.
Napierian	Pertaining to John Napier (1550-1617), a French mathematician, and particularly to his logarithms to the

	base e.
Napier's bones	Early form of calculating machine invented by John Napier. The name comes from the rods used.
NAPM	National Association of Purchasing Management, founded in 1915, and now known as the Institute of Supply Management.
napoleon	French gold bullion coin issued in 19 th and early 20 th centuries. It is named after the French leader (1769-1821).
napoo	First world war slang for something that is no longer of any use.
nappies	<p>These are zero-rated for VAT as clothing for young children. This applies both to disposable and reuseable nappies.</p> <p>The Court of Appeal held that nappies supplied in a plastic toy box were a single zero-rated supply (<i>Kimberley-Clark Ltd v HMRC [2004] STD 473</i>).</p>
narcotics	Type of drug. Their use by employees should be covered by a drugs policy .
NAREIT	National Association of Real Estate Investment Trusts, a US body.
nark	Slang for a police informer.
narration	Brief text which appears in the journal and other books of account to provide such details of the transaction as are not obvious from the information otherwise recorded.
narrative reporting	<p>Reporting on a business expressed in text rather than figures.</p> <p>Narrative reporting for companies is required by Companies Act 2006 s417, with additional requirements from 1 October 2007. The Accounting Standards Board has produced a Reporting Statement on narrative accounting.</p>

narrow market	In investment, market where the trading is light, leading to low liquidity and wide spreads.
narrow money	In economics, the most limited definition of money supply, as represented by categories M0 in the UK, or M1 in the USA.
NAS	National Advice Service , the HMRC network of advice centres that exist to provide advice and assistance on Customs, Excise and VAT matters. The local rate national telephone number was 0845 010 9000. It has now been replaced by 134 dedicated enquiry services. The number for general income tax queries is 0300 200 3300.
NASD	National Association of Securities Dealers.
NASDAQ	National Association of Securities Dealers Automated Quotation System. It is pronounced as nazz-dak. NASDAQ is the largest electronic securities trading system in the world. It started on 8 February 1971 as the first electronic exchange. It is now owned and operated by NASDAQ OMX Group which is itself listed on NASDAQ. In 2006 it became a national securities exchange.
NASES	National Association of Student Employment Services.
nation	Strictly speaking, a nation is a political area whereas a country is a geographical area. However, this distinction is not always made.
National Advice Service	Part of HMRC that deals with general telephone enquiries on tax matters from businesses and the general public. It can answer general tax questions and issue forms and notices. It cannot deal with specific tax queries that relate to particular individuals or businesses. The telephone number is 0845 010 9000. It is open from 8am to 8pm, Monday to Friday. There is a textphone for the hard of hearing on 0845 000 0200. A Welsh speaking service is provided on 0845 010 0300.
National Anti-Sweating League	Organisation formed in 1906 from union campaigns. The League campaigned against sweated labour in the

clothing industry. They were succeeded in the Trade Boards Act 1909.

National Assembly for Wales Proper name for the devolved authority, generally known as the Welsh Assembly.

National Association of Investors Corpotaion (NAIC)

In the USA, a non-profit organisation based in Michigan whose membership comprises investment clubs.

National Audit Office (NAO)

Independent of Government the National Audit Office (NAO) audit the accounts of all government departments and agencies as well as a wide range of other public bodies. They report to Parliament on the economy, efficiency and effectiveness with which government bodies have used public money.

Its functions are now governed by Budget Responsibility and National Audit Act 2011 s20 and Sch 2.

national bank

Bank which operates throughout the whole country and not just in part of the country.

In the USA, the term means a bank which is part of the Federal Reserve system, as against a state bank.

national broadcasting company

In relation to capital allowances on shared transmission facilities, "means a body corporate engaged in the broadcasting for general reception by means of wireless telegraphy of radio or television services or both on a national basis" (Finance Act 1991 s78(8)).

National Clearance Hub (NCH)

Part of HMRC. It is a single national site that has replaced entry processing units at major airports and ports.

national conditions of sale

Set of standard conditions widely used.

Common examples include the conditions for the sale of land as used by solicitors.

National Consumer Council

Body established under Consumers, Estate Agents and Redress Act 2007 s1 to represent interests of consumers.

National Crime Agency (NCA)

UK law enforcement agency formed on 7 October 2013 to replaxe the Serious Organised Crime Agency.

NCA is a non-ministerial government department.

Its website is www.nationalcrimeagency.gov.uk.

- National Crime Squad** Body of police officers formed in April 1998 under Police Act 1997 from the merger of six regional squads. From 1 April 2006, it is merged into the Serious Organised Crime Agency.
- National Debt** “The total amount of debt owed by a government, raised through borrowing from individuals and institutions. It is the sum total of all previously incurred deficits that have not been paid” (HM Treasury glossary).
- national defence contribution** An additional tax on profits used to pay for war. It was charged between 1937 and 1946 when it was replaced by **profits tax** which operated on the same rules despite the name change until its abolition in 1966.
- national emission cap** Limit on the total greenhouse gas emissions that may be made by a state under the **European Union Emissions Trading Scheme**. The limits are agreed by the EU Commission.
The national limit is then auctioned off in parcels as **emissions allowances** for which there are specific tax provisions.
- National Employment Savings Trust (NEST)**
New form of state-controlled pension scheme introduced from October 2012 for larger employers and extending to other employers by 2017. An employer may use a suitable private supplier.
All employees from the age of 22 to state retirement age are **auto-enrolled**. This means that they automatically subscribe to a NEST unless they opt out. Employees aged between 16 and 20 or between state retirement age and 74 may join voluntarily.
The full premium is 3% from employee, 5% from employer and 1% as tax relief. This full premium is payable from October 2017.
- national expansion area** Areas where universal credit was introduced from February 2015 for claimants who satisfy the Gateway conditions.

- national expenditure** Total level of expenditure in an economy. It will also be equivalent to the total level of output and the total level of income in the economy.
- National Export System (NES)** An electronic system of managing declarations to Customs officers at HMRC. It was introduced in 2003 as **New Export System**, and was renamed in 2007. Large businesses may deal with NES direct. Smaller businesses may use export agents to do so. Details are given in Customs notice 276.
- National Family and Parenting Institute (NFPI)** Body established by the government in 1999 to promote family-friendly policies. In 2006 it was renamed **Family and Parenting Institute**. In 2013, this body merged with the Daycare Trust to become the Family and Childcare Trust.
- National Film and Television School (NFTS)** Training establishment formed in 1971 and initially funded from the **Eady levy**.
- National Film Finance Corporation (NFFC)** Body that existed between 1949 and 1985 to help fund British film production.
- national flood and coastal erosion risk management strategy** Strategy that must be developed by the Environment Agency under Flood and Water Management Act 2010 s7. The Agency may issue levies under s17 to local flood authorities.
- National Futures Association (NFA)** American self-regulatory body for the futures industry.
- National Government** Coalition government from 1931 to 1940 led by Labour leader Ramsay MacDonald after the collapse of the Labour government.
- National Grid** National network of cables and pylons established from 1926 to provide everyone in the country with access to electricity at a standard voltage.

National Health Service (NHS) Publicly funded health care service in UK which was created on 5 July 1948 under National Health Service Act 1946. Since formation, it has provided about 92% of all health care in the UK with only 8% from private health care.

The NHS is funded from general taxation with a contribution from the national insurance fund.

National Health Service Commissioning Board

Body established by National Health Service Act 2006 s1H as inserted by Health and Social Care Act 2012 s9.

National Identity Register

Register of individuals (Identity Cards Act 2006 s1).

National Identity Scheme Commissioner

Person appointed as such under Identity Cards Act 2006 s22.

National Import Reliefs Unit (NIRU)

Customs office located in Enniskillen. It is the office mainly responsible for administering a wide range of import duty reliefs.

national income

Value of all sales of goods and services from businesses in a country.

national income accounts

Economic statistics for a country over a defined period.

National Infrastructure Commission (NIC)

Body established on 5 October 2015 to provide opinion based on the UK's needs for infrastructure.

National Infrastructure Plan

Plan announced in the Autumn Statement of 2011 for public spending in infrastructure plans to stimulate the economy.

national insurance

General

A charge on earnings which funds **social security**.

Strictly, this is not a tax but a compulsory insurance premium. Since its introduction in 1911 it has evolved from an insurance premium into a tax, though some elements of the insurance principle remain.

The system was recast and made more generous in 1948, since when it has progressively lost the character of

insurance (premium is related to amount of cover and likelihood of claiming) and assumed the nature of a second income tax.

Six classes

National insurance is now collected under six classes, known as 1, 1A, 1B, 2, 3 and 4. Most national insurance is collected as class 1. There is a seventh temporary class 3A.

Class 1 national insurance is paid by employees and their employers on earnings which lie between an employment tribunal and upper earnings limit. Class 1A and 1B are paid by employers only (not by employees) on the value of benefits provided to employees.

Classes 2 and 4 are paid by the self-employed. Class 2 is a fixed weekly amount. Class 4 is charged on a slice of taxable profits.

Class 3 is a voluntary contribution payable by anyone who needs to maintain their contribution record. Class 3A is a single voluntary contribution payable between 12 October 2015 and 5 April 2017 by anyone who wishes to increase the amount of their state retirement pension.

Tax relief

An employee cannot claim tax relief for employee's national insurance, but an employer may claim relief for employers' national insurance (Income Tax (Earnings And Pensions) Act 2003 s360A).

A taxpayer may not claim tax relief for the national insurance he or she pays (Income Tax (Trading And Other Income) Act 2005s53).

National Insurance Commissioners

Officers responsible for administering national insurance. They were renamed Social Security Commissioners from 23 May 1980 (Social Security Act 1980 s12).

national insurance contributions

Payments of national insurance, particularly class 1, 2 or 3. These payments contribution to a person's entitlement to certain state benefits.

national insurance holiday

Short-term form of government relief by excusing an employer from paying employers' national insurance. There have been two such schemes.

There is a **regional secondary contributions holiday** under National Insurance Contributions Act 2011 s4. The main elements of this scheme are:

- it runs for three years from 6 September 2010 with retrospective effect from 23 June 2010

- it applies for defined regions, which are the whole UK except Greater London, and **East Region** and **South East Region** England

- relief is given for new businesses (in any form) established from 23 June 2010. It does not include newly acquired businesses

- the scheme is voluntary

- it only affects employers' national insurance.

It does not affect any other tax, or employee's national insurance

- it provides relief for newly engaged employees for their first 12 months

- it applies for the first ten employees, and for employees first engaged within one year of engaging the first employee

- the relief is restricted to the employee's first year and to a maximum of £5,000 per employee

- there are some restrictions in accordance with rules on EU state aid.

The previous scheme ran from 6 April 1996 to 31 March 1999 and provided exemption from employers' national insurance for one year for each employee who had been unemployed for two years or had been working as a carer. This was introduced by SI 1996 No 195.

national insurance number

A number which denotes a particular individual. Once allocated it stays with that individual for life, even if the individual changes sex. A national insurance number is only revoked or amended to correct an error or to remove a temporary number.

"The unique reference number used by HMRC and the Department for Work and Pensions to identify an individual's NICs record. It ensures that contributions paid by, and credited to, an individual are put on the right record so that whenever a claim to benefit is made, the correct amount can be paid." (CWG 2 Further Guide to

PAYE, chapter 1).

The number is in the form of two letters, six digits and a final letter. These are usually written in pairs in the form AB 12 34 56 C. The first two letters indicate where the number was issued. The final letter has no purpose. Originally it indicated where national insurance returns were to be sent.

national insurance surcharge (NIS)

A payroll tax imposed by the government between 1977 and 1985 when it lost a parliamentary vote to increase income tax.

national insurance verification request (NVR)

System introduced in 2012 to assist employers in ensuring they have the correct national insurance number for each employee on the payroll.

nationalisation

“The act of bringing a privately owned asset such as a company or property under state control” (HM Treasury glossary).

Documents in connection with nationalisation are exempt from stamp duty (Finance Act 1946 s52).

They may also be exempt from capital gains tax under Taxation of Capital Gains Act 1992 s271.

nationalised industry

Industry under the control of the government.

This exists because:

- the government created the industry,
- it was nationalised at a time when politicians believed this would lead to better management (roughly from 1945 to the 1980s), or
- it is temporarily and expediently held by the government pending its sale or return to the private sector.

nationality

State of being a citizen of a country.

National Land Fund

Body established to acquire land for the state. It was originally set up in 1946 to acquire property to commemorate victory. It was replaced by National Heritage Memorial Fund in 1980 which can acquire other assets such as works of art and historic vehicles.

Under estate duty laws, a person could surrender

property in lieu of estate duty. Finance Act 1946 s50 required the National Land Fund to reimburse Inland Revenue for such property accepted.
[This should be distinguished from the 19th century National Land Company that was set up by Chartists for political purposes.]

National Living Wage (NLW) Higher rate of national minimum wage payable from April 2016 for workers aged 25 or more.

National Loan Guarantee Scheme (NLGS) Government-backed scheme introduced in 2011 “which will invest in smaller and mid-sized businesses in the UK through non-bank channels” (Autumn Statement 2011).

National Lottery Participation in this is not regarded as gambling (Gambling Act 2005 s15).

National Market System American stock trading system required by Securities Act Amendments of 1975. It allows traders in any US stock exchange to seek the best price on any US exchange.

national minimum wage (NMW)

Definition

The minimum hourly rate which an employer must legally pay a worker. This term is wider than “employee” and includes agency workers and seconded staff.

“A person who qualifies for the national minimum wage shall be remunerated by his employer in respect of his work in any **pay reference period** at a rate which is not less than the national minimum wage” (National Minimum Wage Act 1998 s1(1)).

Rates

The NMW was introduced from 1 April 1998 at a rate of £3.60 an hour. Since 2000, it is now increased each year from 1 October.

NMW is paid at three rates:

- the standard rate for workers aged 22 or over;
- the reduced rate; and
- the rate for those aged 16 or 17,

The last of these was introduced from 1 October 2004.

A national living wage for workers aged 25 and over was introduced from 1 April 2016.

Pay reference period

A worker must be paid the NMW for a **pay reference period**. This means that the total pay for such a period must be at least the NMW multiplied by the number of hours. It is not a requirement that every hour must be paid at the NMW; some may be paid at lower rate provided sufficient is earned during other hours in the same period.

Basis

The NMW is determined on one of four basis of which time work is by far the most common. These four bases are:

- **time work;**
- **salaried-hours work;**
- **output work;**
- **unmeasured work.**

National Policing Improvement Agency (NPIA)

Non-ministerial public body set up on 1 April 2007 to provide support to the police in such areas as information technology. On 7 October 2013, it was merged with the Serious Organised Crime Agency to form the **National Crime Agency**.

national purpose

Purpose considered of benefit to the country as a whole. A gift for such purpose is exempt from inheritance tax (Inheritance Tax Act 1984 s25). The scope of relevant bodies is set out in Sch 3 of this Act.

National Registration Service (NRS)

An HMRC registration service that process National Export System (NES) authorisations and updates and maintains the electronic register on authorised operators.

National Savings

Part of the Treasury which sells investment, savings and deposit products to the public to raise extra finance for the government. Before 1969, it was known as Post Office Savings Department.

The products are designed as safe investments for

medium to long-term vehicles and are sold at post offices.

National Savings and Investments

Part of the Exchequer which raises loans for the government in the form of low value investments, such as National Savings certificates and premium bonds.

National Savings Bank (NSB)

Savings scheme operated by the government as a means of generating short-term loans for the government. It was formed in 1861. Its current existence derives from National Savings Bank Act 1971 s1(1).

National Savings certificate (NSC)

Savings product issued by the **National Savings Bank** as a safe low cost investment for ordinary citizens and as a means of raising funds for the government. Typically they comprise either fixed interest or index-linked investments for between two and five years.

National Savings Stock Register

Organisation run by the Department of National Savings which allows ordinary investors to buy government bonds without using a stockbroker.

National Service

Compulsory conscription of citizens to serve in the armed forces. The UK has had two period of national service: 1916-20 and 1939-60. The last conscripted soldier was demobbed in 1963 — 18 years after the end of the war. In some documents, such as for national insurance and pensions, it is referred to as **war service**.

The first period was introduced under Military Service Act 1916. The Act initially applied to men aged between 18 and 40, with some exceptions. The age limit was progressively raised, eventually reaching 51.

Nation service was revived by Military Training Act 1939 which conscripted men between the ages of 20 and 22. At the outbreak of war, this was replaced by National Service (Armed Forces) Act 1939 which conscripted men between 18 and 41, with exceptions. By 1942, the maximum age had again risen to 51. Women aged between 20 and 30 were also eventually conscripted.

After the war, National Service was continued under National Service Act 1948. This conscripted men aged

between 17 and 21 for 18 months. In 1950, this was extended to 24 months as a consequence of the Korean War.

National Simplifications Team

Department of Customs based at the **Central Community Transit Office**. Its task is to negotiate with exporters appropriate simplifications in the standard Customs procedures for exporting goods.

National-Socialist persecution Another name for **Nazi persecution**.

National Society for the Prevention of Cruelty to Children (NSPCC)

Charity founded in 1884 that campaigns and works to protect children.

National Tax Credits (NTC)

American term for a tax allowance that may be claimed in the USA for construction work.

National Transit

A procedure for moving goods under customs control when import or export formalities are carried out away from the place of importation or exportation, and the movement does not involve another European Union Member State. Also known as UK Transit.

national treatment standard

In politics, the doctrine that a state is obliged to treat visitors and other non-nationals in the same way as it treats its own citizens.

National Will Register

On-line facility for registering the existence of a will. It is run by a company called Certainty.co.uk. For a fee, a will can be registered. For another fee, it is possible to search the database to see if a person left a will. The company can also search for a will that has not been registered.

National Working Together Team (NWTT)

Body comprising representatives of HMRC and taxpayers which discuss matters of mutual interest. It is part of the **Working Together** activity which started in 1999.

Nativity of Christ

Christian festival celebrated on 25 December, and more commonly known as **Christmas**. It is also a **quarter day** and a **bank holiday**.

NATO	North Atlantic Treaty Organisation. This is an alliance of 26 countries in Europe and North America, including the United Kingdom, established in 1949 with the purpose of safeguarding the freedom and security of all its members by political and military means.
natura abhorret vacuum	Latin: nature abhors a vacuum.
natural child	(1) A child produced from one's body, as against an adopted child. (2) Until 1969, the term was sometimes used to mean an illegitimate child.
natural experiment	Experiment in which the consequences of a proposed course of action is considered by examining cases where that course was followed. An example is that consideration of the Scottish rate of income tax was subject to natural experiments such as looking at the consequences in Switzerland where adjacent cantons charge significantly different rates.
natural gas	"Means gas with a methane content of not less than 80%" (Hydrocarbon Oil Duties Act 1979 s23C(5)(b)). Combustible gas which is found naturally in the earth, as against producer gas which is created by a process. Natural gas is primarily methane. It is found either in oilfields, where it is known as associated gas , or in fields of its own, known as non-associated gas . Natural gas requires processing which removes other gases such as ethane, propane and butane. As natural gas is tasteless and odourless, small amounts of odorant are added to warn people of gas leaks and gas escapes. On its own, natural gas is normally harmless to the human body unless it explodes or asphyxiates.
natural increase	Growth in population that derives from there being more deaths than births, as against growth from other sources such as immigration.
naturalisation	Acquisition of British citizenship or British Dependent Territories citizenship by a foreign national. This is a formal and legal process that requires the

foreign national to give up his or her previous nationality.

natural justice

Rules and procedures that must be followed by any court, tribunal or other body charged with adjudicating the rights of others. A decision may be set aside if these rules or procedures have not been followed.

The principles of natural justice include a duty:

- to act fairly, in good faith, without bias, and in a judicial temper;
- to give each party the opportunity to present his case, and to correct anything in the other party's case;
- not to hear one side of a case behind the back of the other party;
- not be a judge in your own case, and to declare any personal interest;
- to give everyone notice of what they are accused;
- to disclose all relevant documents to both parties.

The rules of natural justice must be followed in tax appeals (Inspectors' Manual at AH 3935).

natural law

The law of nature, seen as the emanation of divine providence.

It is the permanent underlying basis of all law.

natural love and affection

Term often used in legal gifts to close relations. They are said to be in "consideration" for the natural love and affection of the donor to the donee.

Such donations are not usually tax deductible. Any business loans between close relations may be examined to see if they are disallowed. The matter is discussed in the Inspectors' Manual at BIM37970.

natural person

Living human person as recognised by law. This is in distinction to a **legal person** such as limited company, which is also recognised by law.

Natural Petroleum Gas (NPG)

Natural gas consists predominantly of methane. As a road fuel, it is available as Compressed Natural Gas (CNG) - stored at high pressure and ambient temperature, or as Liquefied Natural Gas (LNG) - stored at lower pressure and low temperature.

natural rate of unemployment

Level of unemployment that still exists in the economy when the labour market is in equilibrium. This will usually be equivalent to the level of voluntary unemployment as at equilibrium everyone who wants a job has got one. Friedman argued that the only way to reduce the natural rate would be to use supply-side policies.

naturally occurring difference

In statistics, the selection of people for an **experimental group** because they meet certain conditions, such as being above an age or below a particular weight. People outside this scope become the **control group**.

natural road fuel gas

"Is **road fuel gas** with a methane content of not less than 80%" (Hydrocarbon Oil Duties Act 1979 s5(2)).

This definition was added from 1 September 2004.

natura non facit saltus

Latin: nature does not make leaps.

nature and nurture

Term commonly used for discussions on how far personality is hereditary (nature) and how much is acquired (nurture).

nature conservation

"The conservation of flora and fauna and geological and physiographical features" (Commons Act 2006 s 61(1)).

nature of income condition

One of the conditions which must be met for an investment to qualify for **venture capital trust** relief, as set out in Income Tax Act 2007 s274.

The condition is that the company's income is derived wholly or mainly from shares or other securities.

Nauru

Island state that became independent in 1968. Its currency is the Australian dollar of 100 cents. The UK has no double taxation treaty.

nautical mile

Imperial measure of length used at sea. Since 1970, it has been defined as 1,852 metres. Previously it was 1,853.184 metres which is the equivalent of 6,080 feet or 1.056 miles.

naval court

Court convened under Merchant Shipping Act 1894 to inquire into the loss or abandonment of a British ship.

naval law	Law and rules that apply in the Royal Navy.
naval property	Chattel that belongs to the Crown and is issued or stored for naval use.
navigation	(1) Art of directing a vehicle or aircraft. (2) Legal right to navigate inland waters.
navvy	Labourer engaged in heavy work. The term comes from the word "navigator" as the first navvies were used to dig canals.
NatWest	<p>One of the Big Four banks in UK. It has been owned by the Royal Bank of Scotland since 2000.</p> <p>The bank was formed in 1968 by the merger of the Westminster Bank and National Provincial Bank, both of which were themselves mergers of other banks. The oldest bank which formed part of NatWest was Smiths of Nottingham, formed in 1650.</p> <p>The company adopted a logo of three chevrons in a triangle to indicate both the circulation of money, and the three banks which formed the new bank. (The third was the District Bank which National Provincial took over in 1962.)</p>
NatWest three	<p>Name given to three officials from NatWest Bank: Gary Mulgrew, David Bermingham and Giles Darby. They were extradited to the USA on 18 July 2005 to face fraud charges relating to the collapse of Enron. They were each jailed for 37 months on 22 February 2008.</p> <p>The extradition was controversial and attracted much protest as it was under a treaty which does not provide the usual safeguards of a first hearing in a UK court before extradition.</p>
nautical mile	Unit of length equal to 1,852 metres.
NAV	Net asset value.
NAVC	National Approval and Verification Centre for Excise Warehousing.

navigation aid	In computing, facilities provided on a website to assist the user to find the desired page.
n'avoir ni croix ni pile	French: I have neither cross nor pile. This expression simply means I have no money. Cross and pile denote coins.
NAWI	Non-Automatic Weighing Instruments Directive.
Nazi	National Socialist government of Germany from 1933 to 1945 lead by Adolf Hitler. Its invasion of Poland in 1939 triggered the start of the second world war which ended with Germany's defeat in 1945 at the hands of Allied Forces led by Britain, USA and Russia. There are some special tax provisions in relation to Nazi compensation paid to victims.
Nazi compensation	Compensation paid in respect of suffering at the hands of the Nazi government of Germany (1933-1945). Originally such payments were only tax-free if paid by the German or Austrian government and were tax-free under their laws. The scope was gradually widened, many decades after the event: <ul style="list-style-type: none">• 6 April 1986: the requirement for the payment to be exempt under German or Austrian law was abolished;• 8 May 2000: compensation paid on dormant accounts of Holocaust victims became tax-free;• 18 January 2001: compensation paid to owners or heirs of assets seized by the Nazis became tax-free;• 19 July 2005: tax exemption for payments to Holocaust victims and their descendants under the Restore UK scheme. The law is Income Tax (Earnings And Pensions) Act 2003 s642. Similar provisions apply for capital gains tax on the disposal of the right to receive compensation (Taxation of Capital Gains Act 1992 s268A), inserted in 2006 with retrospective effect from 1996.
nb	Abbreviation for nota bene, Latin for note well.

NBGR	In relation to corporation tax surcharge on banks, "is the amount (if any) of non-banking group relief that is given in determining those taxable total profits" (Corporation Tax Act 2010 s269DA(2)). The figure is calculated in accordance with ibid s269DB.
NBPLR	In relation to corporation tax surcharge on banks, "is the amount (if nay) of non-banking or pre-2016 loss relief" (Corporation Tax Act 2010 s269DA(2)). The figure is calculated in accordance with ibid s269DC.
NBTIG	In relation to corporation tax surcharge on banks, "means the sum of any non-banking transferred-on gains" (Corporation Tax Act 2010 s269DD). The figure is calculated in accordance with ibid s269DD.
NBV	Net book value.
NC	Nomenclature Committee.
NCA	National Crime Agency.
NCCT	Non-cooperating country or territory.
NCDR	Non-corporate distribution rate.
NCH	National Clearance Hub.
NCIS	National Criminal Intelligence Service
NCS	National Crime Squad.
NCTS	(1) New Community Transit System. (2) New Computerised Transit System.
ND	North Dakota, USA.
NDPB	Non-Departmental Public Body.
NEA	New enterprise allowance.
neap tide	Tides that attain the least rise and fall. They occur near the first and last quarters of the moon.

nearbys	Colloquialism for near months .
nearest relative	Person who is most closely related to a person for whom an application may be made under Mental Health Acts 1983 and 2007. Such a person may be asked to act for the patient, in which case they become the acting nearest relative .
near money	Assets such as money market instruments and time deposits which are readily convertible into cash.
near month	In investment, the nearest delivery month of a futures or options market.
Nebuchadnezzar	Champagne bottle with a capacity of 20 standard bottles.
nec cupias, nec mutuas	Latin: neither desire nor fear.
ne cede malis	Latin: yield not to misfortune, a quote from Virgil.
necessaries	“Goods suitable to the condition of life of the... person concerned and to his actual requirements at the time of the sale” (Sale of Goods Act 1979 s3(3)). Under contract law, someone who otherwise lacks capacity to contract may be required to pay a reasonable price for necessaries.
necessary expenses	In relation to possible taxation of advances to an employee, “are expenses (including travelling expenses) which — (a) the employee is obliged to incur and pay as holder of the employment, and (b) are necessarily incurred in the performance of the duties of the employment” (Income Tax (Earnings And Pensions) Act 2003 s179(5)).
necessitas inducit privilegium quoad jura privata	Latin: necessity gives a privilege as to private rights.
necessitas non habet legem	Latin: necessity knows no law.
necessitas publica major est quam privata	Latin: public necessity is greater than private.

necessity	Legal defence that what would otherwise be a criminal offence is justified on ground of public policy. An example is smashing a window to rescue a person in a house on fire, or shooting a dog which is savaging sheep. Necessity cannot justify a private need, such as shoplifting when hungry.
neddy	Nickname for National Economic Development Council .
née	French: born. The term is used of a woman to indicate her maiden name , this Mary Jones (née Smith).
need	Want of a necessity.
ne exeat	Latin: let him not depart.
Negara Brunei Darussalam	Malay: Brunei Darussalam.
negative carry	Situation where the cost of finance is greater than the return on an investment.
negative cash flow	Situation where an organisation's expenditure is greater than its income.
negative clearance	Procedure that assumes that something notified to an authority is permissible unless the contrary is determined.
negative equity	When the amount owed in a mortgage or other secured loan is less than the value of the secured asset.
negative externalities	Adverse consequences of a decision made by an organisation on those outside that organisation. Examples include pollution, noise, and traffic congestion.
negative goodwill	When the amount paid to acquire a business is less than the value of net assets. The corporation tax consequences are addressed in Corporation Tax Act 2009 s724.
negative income tax	A concept of negative taxation . The idea that if income fell below a threshold, the state would make up the difference at the income tax rate. Although such ideas have often been considered,

the conclusion has always been that the threshold and the rates would have to be too high to make the system workable, and such high thresholds and rates would be politically unsustainable.

negative licensing

Form of **licensing** where an activity may be pursued without first acquiring a licence, but where misconduct can lead to a ban. Examples include being a company director and keeping animals.

negative pregnant

In law, an evasive response that answers a question in court while avoiding the substantive issue. An example is a witness who says he did not receive £1,000 from a person, and does not admit receiving £999.

negative taxation

When the rate of taxation is such that a person receives a benefit rather than make a payment.

Although negative taxation has often been considered as a means of integrating taxation with **social security**, the problems of harmonising two different objectives and establishing realistic rates have always led to such plans being abandoned.

Despite this, there are some elements of negative taxation in the UK system, particularly the enhanced **research and development** tax credits and **capital allowances** which can exceed 100%.

negative yield curve

Situation where the return on a long-term investment is less than that on a short-term investment.

negativity

Human resources term for the feeling and expression of unhappiness in any area of life. In the workplace, it can lead to low productivity, absenteeism and dissent.

Negativity usually arises from a loss of one of confidence, control or community. Identifying the cause is the first step to addressing the problem.

negatur

Latin: it is denied.

neglect

In law, the tort of failure to exercise a duty of care properly.

The term is particularly applied to parents or guardians who do not look after their children properly.

For a **personal liability notice** served on a director

for unpaid national insurance, the term is more narrowly defined than for the tort. In the case *O'Rorke [2013] All ER (D) 150 (Dec)*, the Upper Tribunal held that neglect had to be considered subjectively. In that case, a director who suffered serious mental illness had not been neglectful.

negligence

Carelessness that leads to loss or injury to someone else. To sue for negligence it is necessary to prove:

- that a duty of care was owed and not excluded,
- that this duty of care was not met, and
- that loss was suffered as a consequence, and that loss was not too remote from the carelessness.

~

Negligence is the omission to do something which a reasonable man, guided upon those considerations which ordinarily regulate the conduct of human affairs, would do, or doing something which a prudent and reasonable man would not do. The defendants might be liable for negligence, if, unintentionally, they omitted to do that which a prudent and reasonable person would have done, or did that which a person taking reasonable care would not have done.

Baron Alderson in *Blyth v Birmingham Waterworks [1859] All ER 478*

In relation to avoidance of liability in consumer contracts, the term is defined in Consumer Rights Act 2015 s65(4).

negligent misrepresentation

Misrepresentation which falls between **fraudulent misrepresentation** and **innocent misrepresentation**.

Historically, any misrepresentation which was not fraudulent was considered innocent. This changed with the House of Lords' decision in *Hedley Byrne v Heller [1964]* which held that a more serious view could be taken when there was a **special relationship** between the parties. This applies when one party has an expert of specialist knowledge and is careless in making statements before a contract.

Misrepresentation Act 1967 distinguishes between negligent and wholly innocent misrepresentation. For the former it prescribes the same penalty as for fraudulent misrepresentation unless the person can show that he had reasonable grounds for believing and did believe his

representation.

negligent misstatement

Another term for **negligent misrepresentation**.

negligible value

Term used in capital gains tax to describe shares and other securities whose value is close to zero. The securities are usually ones quoted on the London Stock Exchange. HMRC periodically publish lists of such securities with the dates on which each security was so declared.

A taxpayer may treat negligible value as being a disposal and acquisition for zero, usually triggering a **capital loss**. The taxpayer must make an election within two years of the end of the accounting period in which the security was so declared.

The relevant law is Taxation of Capital Gains Act 1992 s24(2).

négociant

French merchant, particularly of wine.

negotiable

In banking, subject to **negotiation**.

negotiable instrument

Document which can be exchange for cash, such as a promissory note or bill of exchange.

negotiable paper

Document whose ownership can be transferred for cash.

negotiation

In banking, a procedure whereby a payee may assign a cheque to someone else.

This is done by writing instructions and signing on bank. An "account payee" cheque cannot be negotiated. For a **bill of exchange** "when it is transferred from one person to another in such a manner as to constitute the transferee the holder of the bill" (Bills of Exchange Act 1882 s31(1)).

negro

Black person. The term is now considered racially unacceptable.

Nelsons

Rhyming slang for ready cash: Nelson Eddys = readies.

Nelson's Column

Monument to Lord Nelson (1758-1805) erected in Trafalgar Square between 1840 and 1843.

It is widely used as an informal measure of height. It

is 51.6 metres (169 feet 3 inches) high. Before 2006, it was assumed to be about four metres taller.

NEM

New Employment Model.

nem con

Abbreviation of **nemine contradicente**, no-one saying otherwise. The term is used when recording votes. It is not the same as unanimous as a vote may be nem con when there are abstentions.

nem dis

Abbreviation of **nemine dissentiente**, no-one dissenting.

nemesis

Retributive justice. The name comes from the Greek goddess of retribution.

nemine contradicente

Latin: no-one saying otherwise.

nemine dissentiente

Latin: no-one dissenting.

neminem oportet legibus esse sapientorum

Latin: it is not permitted to be wiser than the laws.

nemo admittendus est inhabilitare seipsum

Latin: nobody is permitted to incapacitate himself.

nemo agit in seipsum

Latin: no-one can take proceedings against himself.

nemo contra factum suum proprium venire potest

Latin: no-one can go against his own deed.

nemo dat qui non habet

Latin: no-one gives who possesses not.

nemo dat quod non habet

Latin: no-one can give what he has not.

This is the principle that a thief cannot pass good title to goods he or she has stolen.

nemo debet bis puniri pro uno delicto

Latin: no-one should be punished twice for one fault.

nemo debet esse iudex in propria causa

Latin: no-one can be a judge in his own cause.

nemo est haeres viventis

Latin: no-one is the heir of anyone alive.

This is the legal principle that an heir can only be

established at the point of death.

nemo ex proprio dolo consequitur actionem

Latin: no-one obtains a cause of action by his own fraud.

nemo ex suo delicto meliorem suam conditionem facere potest

Latin: no-one can improve his position by his own wrongdoing.

nemo plus juris ad alium transferre potest, quam ipse haberet

Latin: the title of an assignee can be no better than that of the assignor.

nemo potest esse simul actor et iudex

Latin: no-one can be at once suitor and judge.

nemo potest facere per alium, quod per se non potest

Latin: no-one can do through another what he cannot do himself.

nemo potest plus juris ad alium transferre quam ipse habet

Latin: no-one can transfer a greater right to another than he himself has.

nemo prohibetur pluribus defensionibus uti

Latin: no-one is forbidden to use several defences.

nemo tenetur ad impossibile Latin: no-one is required to do what is impossible.

nemo tenetur se ipsum accusare

Latin: no-one is bound to incriminate himself.

neo- Prefix that means "new".

ne obliviscaris Latin: do not forget.

Nepal Eastern state between China and India. Its currency is the Nepalese rupee of 100 paisa. The UK has no double taxation treaty.

nephew In current usage, son of a brother or sister.

ne plus ultra Latin: nothing further.

nepman	Man allowed to engage in private enterprise under the Soviet system of the USSR. The term comes from the initials of New Economic Policy.
nepotism	Undue patronage to one's relations. Under employment law, nepotism is not illegal, so a boss may give precedence to his or her relations over other better applicants.
ne quid nimis	Latin: [let there be] nothing in excess.
NES	(1) National Export System. (2) New Export System. This is the name by which the National Export System was known until 2007.
nescience	Want of knowledge, ignorance.
nescit vox missa reverti	Latin: a word published cannot be recalled (quote from Horace).
NEST	National Employment Savings Trust.
nest egg	Money which is saved by an individual to provide additional funding if needed and to augment income in retirement. Some money put aside to encourage further saving. The term comes from the ancient practice of putting an egg in a bird's nest in the belief that this will encourage the bird to lay more eggs.
nesting	Colloquialism for staying in business premises or a home instead of moving as would otherwise have been expected.
net	A figure which excludes an element found in the gross equivalent. Net profit is gross profit from which overheads have been excluded. Net pay is gross pay from which income tax and national insurance has been deducted. Net interest is gross interest from which tax has been deducted.
NETA	New Electricity Trading Arrangements.

net asset restriction	<p>Restriction on a public company paying a dividend when the value of its net assets is less than the aggregate of its called-up share capital and its undistributable reserves, or where payment of the dividend would so reduce the value of its net assets (Companies Act 2006 s831).</p> <p>There is no such restriction for a private company.</p>
net asset value per share	<p>Value of a company's assets less liabilities, divided by the number of issued ordinary shares.</p>
net asset value (NAV)	<p>Value of a company's assets less liabilities.</p>
net assets	<p>Total assets minus total liabilities, as shown on the balance sheet.</p> <p>For purposes of the net asset restriction, the term is defined as "the aggregate of the company's assets less the aggregate of its liabilities" (Companies Act 2006 s831(2)).</p>
net assets available for benefits	<p>"The assets of a [pension] plan less liabilities other than the actuarial present value of promised retirement benefits" (FRS 102 glossary).</p>
net-basis activities	<p>Term used in relation to the bank levy, for which purposes it is defined in Finance Act 2011 Sch 19 para 13(4).</p>
netbook	<p>Small laptop computer.</p>
net book value (NBV)	<p>Book value of a fixed asset from which accumulated depreciation has been subtracted.</p> <p>Suppose an asset is acquired for £1,000 and is depreciated over five years on the straight line method. After two years, the accumulated depreciation is £400, so the net book value is £600.</p> <p>The balance sheet records all fixed assets at their net book value.</p> <p>In relation to capital allowances and leases, the term is given a specific meaning in Capital Allowances Act 2001 s228H(1).</p>

net borrowings	Amount of money an organisation has borrowed minus amounts of cash it holds.
net cash flow	Difference between the amount of money coming in and money going out of an organisation.
net cash investment	In leasing, the amount invested in a lease at any moment in time.
net cost of the demolition	<p>For capital allowances for plant and machinery, "means the amount, if any, by which the cost of the demolition exceeds any money received for the remains of the plant and machinery" (Capital Allowances Act 2001 s26(4)).</p> <p>For qualifying buildings, "means the amount, if any, by which the cost of the demolition exceeds any money received for the remains of the qualifying building" (Capital Allowances Act 2001 s360S(3)).</p>
net cost of the restoration	<p>In relation to mineral extraction, this term is defined in Capital Allowances Act 2001 s416(7).</p> <p>For ring-fence activities, a different definition is given in Capital Allowances Act 2001 s416ZA(9).</p>
net covenant	Deed of covenant that specifies the actual amount paid, which is the more common form. If the rate of tax changes, the recipient is refunded a different amount of tax.
net current assets	Current assets of an organisation minus liabilities.
net current liabilities	Current liabilities of an organisation minus its current assets.
net debt	Borrowings of an entity, including sums owed on derivatives and under finance leases (FRS 4).
net defined benefit liability	In accounting for pensions, "the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled" (FRS 102 glossary).
net dividend	Dividend excluding the tax credit.

net dividend per share	Dividend per share after deductions for income tax.
net division approach	Method of apportioning an estate when the residue of the estate is shared between exempt and non-exempt beneficiaries (such as a charity) so that they each receive the same net figure after deducting inheritance tax. This can require double grossing up . The matter was considered in the case <i>re Ratcliffe [1999] STC 262</i> .
net earnings	In accounting, profit after all interest, taxes and other costs and expenses have been deducted.
Netherlands	<p>European state and member state of European Union, sometimes called Holland. "Netherlands" originally included Belgium.</p> <p>For EU purposes, the current state excludes the Netherlands Antilles.</p> <p>Its currency is the euro of 100 cents. Previously, it was the guilder.</p> <p>The UK has tax treaties of 2008 with the Netherlands that was amended by protocols in 2013 and 2014. There is a separate double taxation convention of 2013 on bank taxes.</p>
N-Ethyl-N[2-(1-isobutoxy)ethyl]-4-(phenylazo)aniline	Approved marker for hydrocarbon oils under Hydrocarbon Oil (Designated Markers) Regulations SI 1996 No 1251 para 2(2).
Netherlands Antilles	<p>Autonomous country of the kingdom of the Netherlands, comprising islands in the Caribbean. The country has been widely used for tax planning.</p> <p>The country ceased to exist in 2010 when the islands were given separate relationships with the Netherlands.</p>
net income	For tax, total income less reliefs.
net interest	Gross interest less tax.
net investment	<p>(1) In accounting, the effective equity stake an organisation has in a foreign enterprise (SSAP 20).</p> <p>(2) In economics, where companies buy new machinery</p>

or equipment. It is this type of investment that actually adds to the capital stock of the economy.

net investment in a foreign operation

For accounting, "the amount of the reporting entity's interest in the net assets of that operation" (FRS 102 glossary).

net investment in a lease

For accounting, "the **gross investment in a lease** discounted at the **interest rate implicit in the lease**" (FRS 102 glossary).

net liabilities

Value of liabilities minus assets.

net liquid funds

Organisation's cash plus marketable investments, minus its short-term borrowings.

net loss

Loss after deducting overheads, expenses, depreciation and tax.

net margin

Difference between sales price and total cost of an item, including its share of overheads. The difference is usually expressed as a percentage, but may be expressed as an amount.

net monthly account (NMA)

A form of **settlement terms** where the customer is supposed to pay the invoice by the end of the month following that in which it was issued.

net off

Process of deducting a liability from an asset and showing a single figure as an asset or liability. For example if A owes B £6,000, and B owes A £4,000, they could agree to net off these transactions and settle them by A paying B £2,000.

For the accounting requirements see **offset**.

net overseas hours

All hours worked overseas during a tax year.

It is used in the third automatic overseas residence test under the **statutory residence test**.

NETP

Non-established taxable person.

net Part 3A allowance

Allowance that applied to industrial buildings allowance. The term is defined in Capital Allowances Act 2001

	s186A(5).
net pay	Pay after tax and national insurance has been deducted. Further adjustments may be made to produce take-home pay .
net PAYE income	“Means PAYE income less any — (a) allowable pension contributions , and (b) allowable donations to charity ” (PAYE Regulations SI 2003 No 2682 reg 3(1)).
net pay pension scheme	“Means a pension scheme in the case of which some or all of the members of the pension scheme are entitled to be given relief in accordance with section 193 in respect of the payments of contributions by them under the pension scheme” (Finance Act 2004 s191(9)).
net premiums written	In relation to taxation of corporate members of Lloyd’s “means gross premium written net of reinsurance premiums payable under reinsurance ceded” (Finance Act 2012 s28(6)).
net present value (NPV)	Value of future cashflows reduced by factors to represent inflation. The method of calculation is known as discounted cash flow .
net present value rule	Treasury management rule of thumb which states that a person or business should only invest in something which produces a net present value, in other words where the return more than compensates for opportunity cost of capital .
net price	Price of an item which cannot be reduced by a discount.
net proceeds	“The fair value of the consideration received on the issue of a capital instrument after deduction of issue costs ” (FRS 4 para 11).
net profit	Turnover minus cost of sales and expenses (or overheads). Alternatively net profit may be defined as gross profit minus expenses. Net profit is further distinguished as net profit before tax and net profit after tax .

net profit after tax	Net profit from which income tax or corporation tax has been deducted.
net profit before tax	Net profit before income tax or corporation tax has been deducted.
net profit ratio	Ratio of an organisation's net profit to its net sales. This ratio may be compared with organisation's of similar size and activity to see which are the most efficient.
net realisable value	Proceeds of selling an item, less the costs of selling.
net receipts	Amount of money received after deductions for the cost of collection.
net relevant earnings (NRE)	A definition of pensionable income once used in determining the maximum contributions to a retirement annuity or personal pension scheme that qualify for tax relief. It was defined in Income and Corporation Taxes Act 1988 s646.
net residual value (NRV)	Expected proceeds from disposing of an asset at the end of its life, less the cost of disposing of it. Disposal may be by sale or salvage. If an asset has an NRV, depreciation is calculated on the difference between acquisition cost and NRV. For example, a press cost £1,000 and is expected to be disposed of for £100 after five years. The depreciation charge for the five years is £900. On the straight line basis, that is £180 per year.
net return	Return on an investment after tax and any expenses.
net salary	Salary after deduction of tax, national insurance and other permitted deductions.
net sales	Value of sales less returns from customers, discounts, commission and similar expenses of sales.
net settlement liabilities	Term used for the bank levy. It is defined in Finance Act 2011 Sch 19 para 25(9).

net spending	The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including Council Tax and money from the Government).
net taxable earnings (NTE)	Total of taxable earnings less deductions. This is expressed in the formula TE – DE in Income Tax (Earnings And Pensions) Act 2003 s11(1).
net taxable pension income (NTPI)	Amount of pension income chargeable to income tax (Income Tax (Earnings And Pensions) Act 2003 s567).
net taxable specific income (NTSI)	Taxable specific income less specific deductions from that income. This is expressed in the formula TSI – DSI in Income Tax (Earnings And Pensions) Act 2003 s12(1).
netting	Traders approved for duty deferment must also be approved to set off drawback and certain other repayments of excise duty against the duty due from them under the deferment arrangements. This set-off procedure is known as netting.
netting event	For the bank levy, the insolvency or bankruptcy of certain entities, as explained in Finance Act 2011 Sch 19 para 18(10)(e).
netting off	Process where expenditure is deducted from matching income, such as showing only the profit from sales rather than separate figures for sales and costs. In general, figures should not be netted off.
net turnover	Income from turnover or sales, after discounts have been subtracted, and excluding VAT.
net working capital	Another term for net current assets .
network	Two or more computers connected together to share resources.
net worth	How much a person or organisation is worth. It represents how much they own minus how much they owe.

net yield	Profit from investments less tax, expressed as a percentage of the value of the investments.
Neuer Market	Junior stock market in Germany, launched in 1997.
neutral	<p>One of the five requirements for accounts to meet the requirement for reliability. This in turn is one of the four requirements for accounting information required by Statement of Principles.</p> <p>Accounts are neutral if they are free from deliberate or systematic bias, such as presenting the accounts to resist a takeover bid or to assist in raising finance. In practice, it can be difficult to differentiate between deliberate bias and undue optimism.</p>
neutral citation	<p>Citation for law reports that is given by the courts themselves and not by the publishers of law reports.</p> <p>These citations were introduced in 2001 for the House of Lords (now Supreme Court), Court of Appeal and Privy Council. They were extended to the High Court in 2002. Such cases can be accessed on the bailii website free.</p>
NEUT	Non-exempt unauthorised unit trust.
Nevada corporation	<p>Corporation incorporated in the US state of Nevada. It is regarded as the main corporate haven of the USA after Delaware. It is particularly popular with businesses whose headquarters are in California.</p> <p>Nevada corporations are favoured by privately-owned corporations, as its laws give them much freedom of action and the courts are very reluctant to lift the corporate veil. In the period from 1987-2007, only one such case has succeeded, and that involved fraud by the management.</p>
never never	Colloquialism for hire purchase .
new	<p>In relation to capital allowances for a long-life asset "means unused and not second-hand" (Capital Allowances Act 2001 s91(2)).</p> <p>The classification of such an asset depends on whether it has a useful economic life of at least 25 years</p>

when "new".

new 1985 pool

Another name for a **section 104 holding**.

new accessory

In the context of taxing company cars, a replacement accessory. Provision of a new accessory does not increase the taxable benefit of the car if it is no superior to the old accessory. If it is superior, the *whole* cost of the accessory is added to the list price for calculating the taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s131).

new adult

Term used by Passport Office for a person applying for their first passport since reaching the age of 16.

new annuity

In relation to the taxation of general annuity businesses, "means any annuity, so far as paid under a contract made by an insurance company in an accounting period beginning on or after 1st January 1992 and so far as referable to the company's basic life assurance and general annuity business" (Income and Corporation Taxes Act 1988 s437(1C)).

new area

In relation to **relocation expenses**, is defined in Income Tax (Earnings And Pensions) Act 2003 s281(6).

new association

In relation to parliamentary constituencies, "means a **local constituency association** whose area is the same, or substantially the same, as the area of a new parliamentary constituency or 2 or more such constituencies" (Taxation of Capital Gains Act 1992 s264(2)(b)).

newborn child

Child born alive, or stillborn after 24 weeks of pregnancy.
Ordinary statutory paternity pay may be claimed for such a child (Social Security Contributions and Benefits Act 1992 s171ZA(5)).

new business

Commercial activity that did not previously exist. Sometimes short-term tax reliefs are provided for a new business.

In relation to the **national insurance holiday** provided in 2010, new business is defined in National Insurance Contributions Act 2011 s5. It excludes a

business started by the same person within six months of discontinuing an old business in the same activities.

Newco

Term sometimes used in tax cases to mean a new company that has a similar name to an old company (called Oldco), such as in a takeover or restructuring.

new code

Superannuation fund that was originally approved before 1970 and which has been re-approved as a registered pension scheme from 6 April 2006.

new Commonwealth

Members of the Commonwealth who have joined since its formation from the former British Empire.

New Computerised Transit System (NCTS)

A European wide system of moving goods based on electronic declaration and processing. It was introduced on 1 July 2005.

new consideration

Payment or other consideration for a **normal commercial loan**. The term is used in Corporation Tax Act 2010 s162(1).

New Deal

Government scheme introduced in 1998 to assist people back into work. It became nationwide for all age groups from June 1998 having being more restricted previously.

The scheme provides tax-free payments to participants.

new duties

In relation to **relocation expenses**, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s281(6).

new dwelling

Dwelling that has been created from an existing dwelling. The implications for annual tax on enveloped dwellings are set out in Finance Act 2013 s125.

New East Manchester Ltd

Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).

new economy

Economy in new business sectors such as telecommunications and information technology.

New Electricity Trading Arrangements (NETA)

The VAT implications are discussed in VAT notice 701/19.

new employee

Person who starts an employment. The PAYE provisions are given in PAYE regulations SI 2003 No 2682 from reg 41.

New Employment Model (NEM)

Scheme of remuneration and financial support for the armed services. It was introduced in 2012 and amended in 2016.

new enterprise allowance (NEA)

“Scheme designed to assist unemployed people who wish to start their own business” (Commons Standard Note of 27 June 2014). It has some similarity to the **New Deal** programme offered between 1997 and 2011, when they were replaced by **welfare-to-work** schemes, following a change of government.

The scheme is available to individuals aged 18 or over in Great Britain who are claiming jobseeker's allowance, employment and support allowance or are a lone parent claiming income support.

The scheme pays £65 a week for 13 weeks, and £3 for the next 13 weeks, giving a total of £1,274. Participants may also be able to access a loan of up to £2,500.

NEA was initially piloted in Merseyside in January 2011 before being rolled out nationally between April and August 2011. The scheme was initially restricted to those who had been unemployed for at least six months. The scope was widened in October 2012.

New Export System

Electronic system for disclosing export details to Customs officers at HMRC. It was renamed **National Export System** in 2007.

new-for-old

Insurance cover for property or equipment where an item lost or destroyed is replaced by the equivalent new item without deduction for age or wear and tear of the old item, and regardless of price inflation.

Where an insurance policy qualifies as a tax-deductible business expense, the existence of a new-for-old clause does not reduce the allowability of the

expense, as explained in the Inspector's Manual at BIM45501.

Newgate Historic prison widely used for debtors. It stood in London on the site of the Central Criminal Court from the 12th century. The last prison was demolished in 1903.

new issue Issue of shares which creates additional capital for a business, unlike a bonus issue.

new issues department Department of a bank which deals with issues of new shares.

new land In a **compulsory acquisition**, land that is provided in compensation for the taking of **old land**.
The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s247.

new leu Currency of Romania.

newmarket Card game where the stakes go to the person who can play out his or her hand by matching duplicates on the table.

new means of transport (NMT)

VAT term for some types of ships, aircraft and motorised land vehicles for the transport of passengers or goods which, when bought new in one member state for removal to another, can be bought VAT free.

The law is Value Added Tax Act 1994 s40.

The definition is given in Value Added Tax 1994 s95.

A **means of transport** is new if the period from acquisition in another member state to first entry into service is less than:

- three months for a ship or aircraft
- six months for a land vehicle, and

if in that period it has travelled under its own power for less than:

- 100 hours for a ship
- 40 hours for an aircraft
- 6000 kilometres for a land vehicle.

(Value Added Tax 1994 s95(3)).

new media	Digital media such as CD-Rom, websites, broadcast e-mail and web casting.
new name	Term used by Passport Office for the first passport to be issued to a person since they changed their name.
new oil	Oil after it has been charged under Hydrocarbon Oil Duties Act 1979 s6, as oil of one description becomes oil of a different description as a result of approved mixing in a pipeline with other oil which has been charged with duty.
new oil field	<p>In relation to supplementary charge, “means an oil field —</p> <ul style="list-style-type: none">(a) which is a qualifying oil field, and(b) whose development (in whole or in part) is authorised for the first time on or after 22 April 2009” (Corporation Tax Act 2010 s350(1)).
new or expectant mother	<p>Term used in health and safety regulations for a female employee who:</p> <ul style="list-style-type: none">• is pregnant;• is breastfeeding; or• has given birth in the last six months. <p>The employer must make an assessment of how employment conditions affect such an employee.</p>
new parliamentary constituency	<p>“Means an area which, for the purpose of parliamentary elections, is a constituency immediately after that date but was not such a constituency before that date” (Taxation of Capital Gains Act 1992 s261(1)(b)).</p> <p>There is a special tax relief for assets transferred to such an association.</p>
new pence	<p>The divisions of a pound from when the UK switched to decimal currency on 15 February 1971. There are 100 new pence to the pound, as against 240 old pence in the pre-decimal system.</p> <p>The word “new” was officially dropped in 1982.</p>
new pensioner	Person who becomes a member of a pension payroll. The PAYE implications are set out in PAYE regulations SI 2003

No 2682 from reg 54.

Newport Urban Regeneration Company Ltd

Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).

news agency

Body which disseminates news.

In particular it refers to bodies authorised by the **Financial Services Authority** to make announcements about listed companies.

Until 1 April 2002, the only authorised news agency was **RNS**, run by **London Stock Exchange**. From 2 April 2002, other authorised news agencies are Business Wire Regulatory Disclosure, Newslink Financial, PimsWire and PR Newswire Disclosure.

newscaster

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 50

new securities issued with extra return

For the purposes of the **accrued income scheme**, this term is defined and the tax provisions set out in ITA s007 s649.

new shares

Term used in tax law and elsewhere to mean a share which replaces an existing share in a company **reconstruction**.

Newslink Financial

News agency. From 2 April 2002, it is one of five **news agencies** authorised by **Financial Services Authority** to make announcements about **listed companies**.

new period

In relation to an anti-avoidance provision for capital allowances, this term is given a specific meaning in Capital Allowances Act 2001 s212N(4).

new sol

Currency of Peru.

Newsom v Robertson

Leading case on the disallowance of travel expenses to a place of work. The full citation is *Newsom v Robertson* [1952] 33TC452. The case is discussed in the Inspectors'

Manual at BIM37935.

- newspaper advertisements** These were zero-rated for VAT before 1 May 1985. They are now standard-rated.
- newspaper holding company** In relation to inheritance tax and **newspaper trusts**, the term “means a company which —
(a) has as its only or principal asset shares in a newspaper publishing company, and
(b) has powers of voting on all or most questions affecting the publishing company as a whole which if exercised would yield a majority of the votes capable of being exercised on them” (Inheritance Tax Act 1984 s87(3)).
- newspaper publishing company** In relation to inheritance tax and **newspaper trusts**, the term “means a company whose business consists wholly or mainly in the publication of newspapers in the United Kingdom” (Inheritance Tax Act 1984 s87(3)).
- newspapers** For VAT, a publication “issued at least once a week in a continuous series under the same title” (VAT notice 701/10). They must contain a substantial amount of news and be national, international or local.
A newspaper is zero-rated under Value Added Tax Act 1994 Sch 8 Group 3.
- newspaper trust** Tax-advantaged trust established by a newspaper publisher of holding company and similar in operation and tax treatment to an **employee trust**.
The law is given in Inheritance Tax Act 1984 s87.
- news service** A company that provided a news digest by fax, email and Internet was not producing a zero-rated magazine for VAT purposes. The zero-rating referred to a tangible product provided on paper (*Forexia (UK) Ltd [1998] VTD 16041*).
- new standards** In relation to **leasing change**, “means accounting standards which reflect one or more leasing changes” (Finance Act 2011 s53(9)).
- New Taiwan dollar** Currency of Taiwan.

newton	Unit of force.
Newton, Tony	English Conservative politician (1937-2012) who was Secretary of State for Social Security from 23 July 1989 to 11 April 1992.
New Turkish lira	Currency of Turkey.
New York Stock Exchange (NYSE)	<p>The main stock exchange of USA, situated in Wall Street in New York.</p> <p>It was founded on 17 May 1792, and located to its present premises on 22 April 1903. These have subsequently been expanded.</p>
New Zealand	Country in Pacific Ocean. Its currency is the New Zealand dollar of 100 cents. The UK has a double taxation convention of 2003 amended by a protocol of 2007.
next annual return	Term used in Companies Act 2006 s410(3) to mean the return after the current one. The term is used when the directors have used alternative compliance with regard to not producing an excessively long list of related undertakings. Such a list must be produced in the next annual return.
next friend	Person appointed by a court to assist a child or disabled person.
next 9 months	In relation to a qualifying condition for the personal independence payment , this term is defined in Welfare Reform Act 2012 s81(3)(c).
next of kin	<p>Nearest blood relative. This is reckoned in degrees, so from parent to child (or vice versa) is one degree, to a grandparent or grandson is two degrees.</p> <p>Under Statute of Distribution 1671, an intestate's estate was distributed to next of kin. This was repealed in 1925.</p>
nexus	Bond, linked group, factor that provides a link in an argument.

NFA	National Futures Association.
NFFC	National Film Finance Corporation.
Nfk	Abbreviation: nakfa, currency of Eritrea.
NFPI	National Family and Parenting Institute.
NFTS	National Film and Television School.
NGN	ISO code for Nigerian naira.
ngultrum	Unit of currency in Bhutan, comprising 100 chetrum. Indian currency is also legal tender in Bhutan.
ngwee	One hundredth of a kwacha, currency of Zambia.
NH	New holding.
NHS	(1) National health service (2) Nugatory health expenditure (in armed forces).
NHS charity	Charity established by an NHS body. A full definition is given in Charities Act 2011 s149(7). Such a charity is subject to special audit requirements.
NHS foundation trust	“A public benefit corporation which is authorised... to provide goods and services for the purposes of the health service in England” (Health and Social Care (Community Health and Standards) Act 2003 s1).
NHS hospital trust	Form of NHS trust which looks after National Health Service hospitals for a defined area. In England there are 290 NHS hospital trusts looking after 1600 hospitals.
NHS trust	Organisation in the National Health Service which oversees health care in a defined area or in a defined speciality for an area. The commonest forms are primary care trusts (PCTs) and NHS hospital trusts . There are other types of NHS trust for areas such as the ambulance service and mental health care.
NI	(1) National insurance (2) Northern Ireland.

(3) Citation for Northern Ireland law reports, published from 1925.

NIA	Northern Ireland Assembly.
NIAUR	Northern Ireland Authority for Utility Regulation.
NIC	(1) National insurance contribution. (2) National Infrastructure Commission.
NICA	National Insurance Contributions Act 2014.
Nicaragua	South American country. Its currency is the córdoba of 100 centavos. The UK has no double taxation treaty.
NIC&EO	National insurance Contributions and Employer Office, part of HMRC based in Newcastle.
niche	Form of memorial to the dead. The tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s172ZA, with effect from 1 March 2012.
niche market	In marketing, a clearly defined (and often small) market for one's products or services.
nick	Slang word with the meanings to steal, to arrest and a police station or prison.
nickel	Metal element. It is used with copper to make the cupro-nickel of modern "silver coins". The term is also a colloquialism for the American 5-cent coin.
nickelodeon	Juke box, or other machine that accepts coins to play music. It is not an amusement machine .
nicker	Old slang for one pound or a pound note.
Nicotania	Genus of tobacco plants. Tobacco duty is payable on the cured leaves of any plant in this genus, and on any product designed to imitate such leaves.
NIC rebate	"Following the introduction of the earnings threshold no NICs are payable on earnings between the [lower

earnings limit] and the earnings threshold. However a contracted out rebate is still due on this band of earnings” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

The contracted-out rebate ceases from 6 April 2016.

NIC settlement return	An arrangement to pay national insurance in respect of tax equalised employees from overseas. This is known as an Appendix 7A arrangement .
NICT	Northern Ireland corporation tax.
NID	Abbreviation: Iraqi dinar.
NIDAC	National Import Duty Adjustment Centre. This is based at Custom House, Salford, M5 2ZZ. This replaced Lytham Sub-Office in 1996 and deals with Guarantees (both Individual and Accounts) and carries out the final adjustment for duties paid on deposit.
NIE	Northern Ireland Executive.
niece	Daughter of a brother or sister. Originally the term meant any female descendant. A niece is sometimes regarded as a relative for tax purposes.
NIF	Note issuance facility.
niffer	Scottish term meaning to barter or haggle.
Niger	African landlocked country, pronounced “knee-share” where the SH is like the S in treasure. Its currency is the CFA franc of 100 centimes. The UK has no double taxation treaty.
Nigeria	African country. Its currency is the naira of 100 kobo. The UK has a double taxation convention of 1987.
niggard	One who is reluctant to spend money, even on necessities.
niggardly	Behaving as a niggard .

nigger	Term for a black person which has long been regarded as offensive.
night	For Customs purposes "means the period between 11pm and 5am" (Customs and Excise Management Act 1979 s1(1)). For the purposes of night poaching , night is defined as "to commence at the expiration of the first hour of sunset and to conclude at the beginning of the last hour before sunrise" (Night Poaching Act 1828 s12).
night poaching	Offence of taking game or rabbits by night (Night Poaching Act 1828).
night premium	Addition to normal pay for an employee who works at night time, as defined by the employer.
night safe	Safe in the outside wall of a bank in which customers may deposit their takings.
nihil	Latin: nothing; no goods.
nihil ad rem	Latin: nothing to the point.
nihilism	Philosophy that developed in 19 th century Russia, questioning conventional and established values.
Nikkei	Most widely used Japanese share index as published in its newspaper <i>Nihon Keizai Shimbun</i> since 7 September 1950. It measures Japanese share prices of the 225 leading companies.
Nikkei 225	Another name for Nikkei .
Nikko	Leading Japanese company dealing in securities.
nil	Zero.
nil band	Slice of estate that is excluded from inheritance tax. The amount was set at £325,000 from 6 April 2010. If the transferor has inherited from a former spouse or civil partner, the nil band may be increased by up to 100% under the transfer of unused nil-band provisions. Inheritance Tax Act 1984 s8 requires the nil band to

be indexed unless Parliament decides otherwise, which it has done frequently.

nil cash benefit

Term used in Income Tax (Earnings And Pensions) Act 2003 s151 when an employee is not assessed to income tax on the value of road fuel provided for a company car because either:

- the car may only be used for business, or
- the employee is required to refund the cost of fuel used for private journeys.

nil desperandum

Latin: never say die.

nil FPS

A **full payment submission (FPI)** under **real time information** which states that the employer has not paid any employees during the month or quarter being reported.

nil paid shares

Shares for which the shareholders have yet to make any payment.

nil rate band

The first slice of a donation or inheritance on which inheritance tax is not payable.

nil-rate band maximum

Term used in Inheritance Tax Act 1984 s8A(7) to mean the maximum amount by which the **nil band** may be increased under the **transfer of unused nil-band** provisions. The maximum is 100% of the band applicable on the transferor's death.

nil return

Any return which reports an amount of zero for the period.

nil tax code

For PAYE, a code that indicates that no tax is to be deducted or refunded in the current or future pay period. The code operates on a **non-cumulative basis** unless HMRC specifically directs otherwise (PAYE Regulations SI 2003 No 2682 reg 33).

Its definition is a special code "which requires no deduction of tax" (ibid reg 7(3)(c)).

The code is NT.

nine-eleven

The term now widely used for the terrorist attack on 11 September 2001 when two aeroplanes were flown into

the twin towers of the **World Trade Center** in New York.

Coincidentally, 911 is also the emergency telephone number in USA, the equivalent to 999 in the UK.

ninja loan

Colloquialism for a loan given to a person with no income or assets and who is therefore unlikely ever to repay it.

Such loans are made by companies desperate to increase their lending figures.

NIO

ISO code for Nicaraguan cordoba.

nip

Small measure of alcoholic drink of various sizes.

NIR

Northern Ireland rate. In relation to corporation tax, this abbreviation is used in Corporation Tax Act 2010 s357JJ.

NI rate activity

In relation to capital allowances in Northern Ireland, this term is defined in Capital Allowances Act 2001 s6C.

NIRE

Northern Ireland regional establishment.

NIRE company

In relation to capital allowances in Northern Ireland, this term is defined in Capital Allowances Act 2001 s6A.

NIRU

National Import Reliefs Unit.

NIS

Abbreviation: new Israeli shekel.

nisi

Latin: unless.

nisi prius

Latin: unless before. A term once used in writs for a sheriff to bring an accused to Westminster on a certain day unless a judge holds unless before that day, a judge holds an assize in that county.

NIT

Negative income tax.

nitroglycerine

Substance included in the list of **explosives** for which there are special Customs provisions (Explosives Act 1875 s3(1)).

nix

Slang for "nothing", particularly when meaning financial reward.

NL	Country prefix code for Netherlands.
NLGS	National Loan Guarantee Scheme.
NLJ	New Law Journal. This is used as a citation for law reports from 1965.
NLW	National living wage.
NMD	Non-ministerial department.
NMRO	National Measurement and Regulation Office.
NMS	Normal market size.
NMT	New Means of Transport.
NNP	Non-natural person , usually a company.
noble	Corrupt by bribery, swindle, cheat.
noble	Old English gold coin worth 6s 8d issued between 1344 and 1465.
noblesse oblige	French: rank obliges. The implied responsibility a person of rank has for those of lower rank.
no business acquisition condition	In relation to venture capital trusts, this term is defined in Income Tax Act 2007 s280D as inserted by Finance (No 2) Act 2015 Sch 6.
no claims bonus	Discount offered on an insurance premium because no claims have been made on it for years. Such a bonus can exceed 60%.
no comment	Statement by a person that they decline to answer a question.
no extended tie in	Term in a mortgage which means that, at the end of a fixed capped or discounted rate period, the borrower does not have to pay an early redemption charge to pay off the mortgage early.

no fault dismissal	Proposal in the Beecroft report of 2011. It would have allowed employers to dismiss employees regardless of length of service, provided it compensated the employees. In effect, it would abolish the concept of unfair dismissal. The government rejected the idea. The government elected in 2015 has said that it also has no plans to introduce it.
no gain/no loss basis	For capital gains tax, a disposal which is regarded as creating neither a taxable gain nor an allowable loss. The law is Taxation of Capital Gains Act 1992 s56. The sections under which the provision applies are listed in Taxation of Capital Gains Act 1992 s288(3A).
noggin	Imprecise small measure of drink, usually of about a quarter of a pint.
no hours rule	Element of universal credit in that the claimant is restricted to the number of hours worked in a week to qualify for a particular benefit. Universal credit is paid for any number of hours worked.
noise	In investment, movements in security values that cannot be explained in terms of fundamentals. Investors usually avoid decisions based on noise.
NOK	(1) Next of kin. (2) ISO code for Norwegian krone.
no lens volens	Expression from Latin words, meaning willing or not.
no-limit	Gambling term for a game that allows a player to bet all his chips at any betting round.
no limit order	In investment, an order to buy or sell a given security without any restrictions about price.
no linked loans requirement	Requirement under tax law that an investor must not have a linked loan with a company in whose shares he wishes to claim EIS relief (Income Tax Act 2007 s164).
nolle prosequi	Acknowledgment of undertaking by the prosecution not to proceed with a case.

no load fund	Mutual fund where investors deal directly with the investment company rather than through a broker. The term comes from the fact that no commission is payable.
nolo contendere	Latin: I am willing to contend.
nolumus leges Angliae mutari	Latin: we will not have the laws of England changed.
NOMAD	Nominated adviser.
nom de guerre	French: war name. The term means an assumed name.
nom de plume	French: pen name. False name by which a writer is known.
nominal	(1) Description of an amount which is very small. (2) In investment, a figure that has not been adjusted for inflation.
nominal account	Account for recording expenses of a particular type.
nominal asset	Another name for a fictitious asset .
nominal interest rate	Rate of interest which is quoted and often used in calculations, but which needs to be converted to an APR or equivalent to make it comparable.
nominal ledger	In accounting, the record where debit and credit balances are recorded against various accounts, and from books of prime entry, and from which the trial balance is extracted.
nominal owner	Person who is identified as the owner of an asset, but who may hold it as a trustee or steward for someone else, known as the beneficial owner .
nominal scale	In statistics, another name for a categorical scale .
nominal share capital	Total value of the shares a company is allowed to issue under its memorandum of association.
nominal trust fund	Trust which contains a small amount of funds solely for the purpose of establishing the trust. The law does not allow a trust to be created unless

it owns property. The amount is often £10. The trust awaits the receipt of the **substantive trust fund**.

Nominal trust funds are often encountered in inheritance tax where they are created to receive funds on a settlor's death.

nominal value

Amount stated on a share certificate as the value of the share when first issued.

The value which must be ascribed to each share of a UK company (Companies Act 2006 s542(1)).

nominated adviser (NOMAD)

In investment, an exchange-approved adviser that helps companies float on an exchange and, usually, provides advice after flotation.

nominated asset

Asset that can be transferred on death to a beneficiary nominated by the deceased. Such a transfer takes effect outside the will or intestacy provisions.

The assets are mainly small savings products, such as National Savings bank accounts, National Savings certificates and deposits with friendly societies.

The value of such assets are still part of the deceased's estate and may therefore affect the amount of inheritance tax payable.

nominated date

For pensions, term used in a money purchase arrangement other than a cash balance arrangement.

It is such date as the individual or scheme administrator nominates, or in the case of any other arrangement, such date as the scheme administrator nominates.

nominated partner

Another term for **representative partner**. It is the member of a **partnership** who is responsible for submitting details of the partnership's profits and capital gains to the tax authorities.

nominated proceeds

Term used in relation to corporation tax on oil companies. Tax provisions are contained in Corporation Tax Act 2010 s283 and adjacent sections.

nominator

Person who nominates someone, particularly for a **statutory nomination**.

nominee

General

Person who is nominated, particularly someone nominated to represent a person in financial negotiations.

In this context, the term can refer to the **trustee** in a **bare trust**, where the settlor wishes to hide his or her identity.

The capital gains tax position is given in Taxation of Capital Gains Act 1992 s60.

Insolvency

Name given to insolvency practitioner at the start of the **IVA** process.

nominee account

Account held in one person's name but for the benefit of another, known as the **beneficial owner**.

nominee company

Company, often formed by a bank or financial institution, that operates accounts on behalf of a beneficial owner.

nominees' annuity

In relation to taxation of pensions, the term is defined in Finance Act 2004 Sch 28 para 27AA(1) as inserted by Finance Act 2015 Sch 4 para 3.

nominee shareholder

Person who is registered as the holder of shares but who may hold them for the benefit of another.

Under Taxes Management Act 1970 s26, a shareholder may be required by HMRC to state whether he is the beneficial owner of the shares.

nominis umbra

Latin: shadow of a name. Term used for a one-man company.

nomocracy

Government according to a system of laws.

Nomura

Leading Japanese company dealing in securities.

non-acceptance

Goods

Refusal to accept something.

Sale of Goods Act 1979 s50 explains the consequence of non-acceptance of goods.

Bills of exchange

When a holder of a **bill of exchange** is not accepted for

payment when presented within the customary time.

The non-acceptance of a bill constitutes its being **dishonoured** (Bills of Exchange Act 1882 s43(1)). Such dishonouring creates an immediate right of recourse to the drawer of the bill (s43(2)).

non-active partner

Tax term for a **sleeping partner**.

There are restrictions on how much tax loss relief such a partner may claim in respect of his share of a partnership loss (Income Tax Act 2007 s103B).

non-adjusting event

Post-balance sheet event that relates to circumstances that did not exist at the date of the balance sheet (SSAP 17).

non-advanced education

Education at a level below the highest level. The term is relevant for claiming social security benefits. For example, **child benefit** may be claimable for a young person in non-advanced education but is not claimable for a young person in advanced education.

Non-advanced education includes GCSEs, A-levels and AS levels, NVQ level 3 and below, National Diploma or Ordinary National Diploma and Scottish equivalents.

non-advisor test

For tax avoidance schemes, one of three tests a **scheme designer** must satisfy not to be regarded as a promoter.

“The non-adviser test applies where a person who, although involved in the design of a scheme, does not contribute any tax advice. This test does not apply to a bank or securities house. This might typically happen where:

- a promoter consults a law firm (which has a business that includes giving tax advice) in relation to company law. The law firm will not become a promoter as long as it provides no tax advice (other than benign advice) in the course of carrying out its responsibilities

- a promoter consults an accounting firm in relation to accounting aspects of a scheme. The firm is not a promoter so long as it provides no tax advice in the course of carrying out its responsibilities” (HMRC leaflet DOTAS, January 2016).

non aliter a significatione verborum recedi oportet quam cum manifestum est aliund sensisse testatutum

Latin: there should be no departure from the ordinary meaning of words except in so far as it appears that the testator meant something different.

This is the legal basis under which wills are interpreted.

no names basis

Approach to HMRC to ascertain the tax position on a matter without disclosing the name of the taxpayer.

In some cases, such as the **Liechtenstein Disclosure Facility**, this is permitted. However, payment of tax, submission of returns and disclosure of underpayments always require disclosure of taxpayer's identity.

non-Annex I goods

Products which result from the processing of basic products and which, although they are not included in the products listed in Annex I to the Treaty of Rome, are eligible for refund or duty in respect of the basic products used in their manufacture.

non-assignment of receivables term

In relation to a contract "is a term which prohibits or imposes a condition, or other restriction, on the assignment (or, in Scotland, assignation) by a party to the contract of the right to be paid any amount under the contract or any other contract between the parties" (Small Business, Enterprise and Employment Act 2015 s1(2)).

non assumpsit

Latin: he did not promise. The defence to an action for **assumpsit**.

non-attributable

Basis for passing information to a journalist. It is similar to the **Chatham House Rules**.

A non-attributable conversation allows the journalist to publish what you say but not to identify the source. This is a halfway house between **on the record** and **off the record** conversations.

non-audit services

Term sometimes used to mean services other than auditing provided by an auditor to a limited company. Such services must be disclosed by the company under Companies Act 2006 s494.

non-banking accounting period

In relation to corporation tax surcharge on banks, this “is an accounting period in relation to which the company was not a banking company” (Corporation Tax Act 2010 s269DC(2)).

non-banking company

In relation to transferable losses and corporation tax surcharge on banks, “means a company that is not a banking company at the time that the allowable loss, or such part of it as the election transfers, is treated as accruing by virtue of the election” (Corporation Tax Act 2010 s269DC(15) and s269DD(4)). This term is defined in ibid s269DC(14), and makes reference to Taxation of Capital Gains Act 1992 s171B(3).

non-banking loss transfer

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(14).

non-banking or pre-2016 carried forward capital loss

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(13).

non-banking or pre-2016 carried-forward credit for foreign tax

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DL(8).

non-banking or pre-2016 carried forward excess capital allowance on special leasing

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DB(11).

non-banking or pre-2016 carried-forward miscellaneous loss

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(12).

non-banking or pre-2016 carried forward non-trading deficit

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(4).

non-banking or pre-2016 carried-forward overseas property loss

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DB(10).

non-banking or pre-2016 carried-forward UK property loss

In relation to corporation tax surcharge on banks, this

term is defined in Corporation Tax Act 2010 s269DB(9).

non-banking or pre-2016 management expenses

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DB(6)-(8).

non-banking or pre-2016 non-trading loss on intangible fixed assets

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(16).

non-banking group relief

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DB.

non-banking or pre-2016 relief

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC.

non-banking transferred-in gain

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DD(3).

non-banking transferred-out gain

In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DD(2).

non-beneficial occupation

Occupation of employer-provided accommodation that does not create a taxable benefit.

non-business activities

An activity that is not predominantly concerned with the making of a supply for a consideration.

VAT notice 700 gives as examples:

- providing free services or information;
- maintaining museums, parks or historic sites (unless there is an admission or other charge); and
- publicising religious or political views.

It continues that a hobby is a non-business activity, unless its scale and nature makes it a business.

non-business day

For purposes of bills of exchange, cheques and promissory notes:

- “(a) Saturday, Sunday, Good Friday, Christmas Day;
- (b) A bank holiday under the Banking and Financial Dealings Act 1971;

(c) A day appointed by a Royal proclamation as a public fast or thanksgiving day;

(d) A day declared by an order under section 2 of the Banking and Financial Dealings Act 1971 to be a non-business day".

(Bills of Exchange Act 1882 s92).

non-business use

Personal use or any use other than for the business.

The term is relevant in taxation, as assets acquired for a non-business use, such as for a director's home, are not tax-deductible.

non-CAA profits

"Means profits before account is taken of any **CAA allowances** or **CAA charges**" (Income Tax (Trading and Other Income) Act 2005 s275).

non-callable

In investment, description of a financial product that cannot be redeemed before maturity.

non-cancellable

Description of a contract, particularly of insurance, which continues in force provided the premiums are paid.

The insurer cannot make changes to or revoke the insurance during this time.

non-cancellable period

In relation to a lease of plant and machinery, "is any period during which the lessee may terminate the lease only —

(a) upon the occurrence of some remote contingency, or

(b) upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain" (Capital Allowances Act 2001 s70YF(4)).

non-cash asset

For Companies Act, "means any property or interest in property, other than cash. For this purpose 'cash' includes foreign currency" (Companies Act 2006 s1163(1)).

non-cash item

Item in the accounts which is regarded as an income or expense but does not represent any cash transaction for that year. An example is depreciation.

non-cash transactions

Financial transaction that does involve any cash changing hands.

In accounting, such transactions are excluded from the **statement of cash flows** as explained in FRS 102 sections 7.18-7.19.

non-cash voucher

For the purposes of determining the tax on benefits in kind, means:

“(a) a voucher, stamp or similar document or token which is capable of being exchanged for money, goods or services,

(b) a childcare voucher,

(c) a transport voucher, or

(d) a cheque voucher.”

(Income Tax (Earnings And Pensions) Act 2003 s84(1)).

When provided for an exempt benefit, the exemption is provided by *ibid* s266.

non cepit modo et forma

Latin: he did not take in the manner and form [alleged].

non-certificated bailiff

Person who can collect money but whose powers to seize goods are limited.

non-charitable expenditure

The term is defined in Income Tax Act 2007 s543.

non-commercial increase

Term used in relation to employment-related securities where the market value has been artificially adjusted (Income Tax (Earnings And Pensions) Act 2003 s446L).

non-commercial society

Term used in Gambling Act 2005 s19 to describe a charity, sports or arts body or other non-commercial body. This description exempts the body from some of the requirements of the Act, which allows churches and charities to run raffles and tombolas, provided there is no private gain.

non-commercial use

Use for non-profit-making scientific research or educational purposes.

non-commissioned officer (NCO)

“Includes a person whose rate is chief petty officer, petty officer or leading rate” (Armed Forces Act 2006 s374).

non-community

Description of goods that are not of European Union (EU) origin nor imported goods which have not been released

into free circulation.

non-community countries (Third Countries)

Countries outside the Customs Territory of the European Union (EU). Certain areas within the national territory of Member States are deemed to be outside the Customs Territory of the EU and are therefore non-member countries.

These are: the German territory of Busingen (bordering Switzerland) and the Islands of Heligoland; the Italian communes of Livigno and Campione (bordering Switzerland); the Danish territory of the Faroe Islands and Greenland; the French overseas territories; the Spanish Canary Islands and the North African enclaves of Ceuta and Melilla; and Andorra.

non-community goods

Goods which are not of European Union (EU) origin nor imported goods which have not been released into free circulation.

non-competitive bid auction

In investment, a method of purchasing government bonds in which bidders agree to buy a specified number of securities at the average price bid.

non compos mentis

Latin: not in sound mind.

non-conforming loan

American term for a mortgage loan which does not correspond to US federal government guidelines.

non constat

Latin: it does not follow.

non-contributory

Description of a financial arrangement to which a beneficiary does not make any financial contribution. The term is commonly used for pension funds.

non-contributory benefit

Social security benefit where entitlement does not depend on how much national insurance has been paid.

non-controllable cost

In management accounting, a cost that cannot be controlled by a manager within his or her responsibility, though it may be controllable within the wider organisation.

- non-controlling interest** Another term for **minority interest**.
“The equity in a subsidiary not attributable, directly or indirectly, to a parent” (FRS 102 glossary).
Non-controlling interest is now the favoured term. The accounting treatment is set out in FRS 102 sections 9.20 to 9.22.
- non-cooperating country or territory (NCCT)** Country listed by **Financial Action Task Force** as either unable or unwilling to co-operate in addressing problems of money laundering or terrorism funding. In 2000, there were 15 NCCTs. Since November 2009, there are none.
- non co-operation route** Provision of the **Contractual Disclosure Facility (CDF)**.
Under CDF, a taxpayer suspected of fraud may be offered to settle the matter under CDF and so avoid a criminal prosecution and higher penalties. A taxpayer has 60 days in which to accept or decline the offer.
A taxpayer who does not respond within 60 days is regarded as having not co-operated under this route. As a consequence, the suspected fraud may be investigated under criminal procedures.
Details of this route are given in para 2.8 of the revised Code of Practice COP 9 issued on 19 January 2012.
- non-corporate distribution rate (NCDR)** Charge imposed on companies between 1 April 2004 and 31 March 2008 who paid corporation tax at the starting rate of zero, and paid dividends. The NCDR was set at 19%. This meant that companies only enjoyed the benefit of the zero starting rate on retained profit.
- non culpabilis** Latin: not guilty.
- non-cumulative basis** Method of operating PAYE as if every pay period were the first in the tax year.
It is an exception to the normal cumulative rule. It may only be used when specifically required by regulations or directed by HMRC (PAYE Regulations SI 2003 No 2682 reg 26).
- non-cumulative preference share** **Preference share** where any interest not paid in one year is lost. The interest is not added to the amount payable in

any future year.

non-current assets

Any asset that does not meet the definition of a current asset. Also described as **fixed assets**.

“Assets of the entity which —

(a) it does not expect to realise, or intend to sell or consumer, in its normal operating cycle;

(b) it does not hold primarily for the purpose of trading;

(c) it does not expect to realise within 12 months of the reporting period;

(d) are cash or cash equivalents restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period”

(FRS 102 glossary).

The term “non-current assets” is preferred by international accounting standards.

non-current liabilities

Any liability that does not meet the definition of a **current liability**. Also described as **long-term liabilities**.

“Liabilities of the entity which are not current liabilities” (FRS 102 glossary).

The term “non-current liabilities” is preferred by international accounting standards.

non debet, cui plus licet, quod minus et non licere

Latin: it is lawful for a man to do a lesser thing if he is entitled to do a greater thing.

non declarable transaction

Transaction where there is no obligation to pay stamp duty or to notify HMRC. Details are given in Finance Act 2003 Sch 11.

non-deferred annuity

“Means an annuity —

(a) which is not granted under a contract for a deferred annuity, and

(b) which is granted in the ordinary course of a business of granting annuities on the life of a person” (Taxation of Capital Gains Act 1992 s204(9)).

non-delivery

Where something is not delivered which should have been. Sale of Goods Act 1979 s51 allows for damages for non-delivery of sold goods.

non-departmental public body (NPB)

Body that is established under statutory authority but which operates independently of government.

non-discrimination notice

Notice issued under Sex Discrimination Act 1975 s67 requiring a person to end a practice of unlawful discrimination.

non-distributed costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

non-domiciled

Having a **domicile** that is not the UK. The income tax consequences are given in Income Tax Act 2007 from s828A.

non-domiciled spouse

Transfers to a non-domiciled spouse or civil partner are not wholly relieved for inheritance tax. Instead the tax-free transfer is limited to a fixed amount (Inheritance Tax Act 1984 s18(2)). From 6 April 2012, this amount has been the same as the **nil rate band** for inheritance tax, namely £325,000.

For earlier periods, the limit is as shown in the table:

From	Amount
9 March 1982	£55,000
26 March 1980	£50,000
27 October 1977	£25,000
27 March 1974	£15,000

non-driving conduct

Rules which relate to drivers of **large goods vehicles** and **passenger carrying vehicles** but which do not relate to **driving conduct**.

Non-driving conduct includes all offences which are not spent under **Rehabilitation of Offenders Act 1974**. If any conviction is disclosed, DVLA considers whether a licence may be issued.

non-equity dividend

Dividend relating to **non-equity shares** (FRS 4).

non-equity shares

“Shares possessing any of the following characteristics:

(a) any of the rights of the shares to receive payments (whether in respect of dividends, in respect of redemption or otherwise) are for a limited amount that is not calculated by reference to the company's assets or profits or the dividends on any class of equity share:

(b) any of their rights to participate in a surplus in a winding up are limited to a specific amount that is not calculated by reference to the company's assets or profits and such limitation had a commercial effect in practice at the time the shares were issued or, if later, at the time the limitation was introduced;

(c) the shares are redeemable either according to their terms, or because the holder, or any party other than the issuer, can require their redemption” (FRS 4 para 12).

The same definition appears in FRS 6 para 2.

non-essential assets

In Scotland, “corporeal moveable property of the debtor's which is kept in a dwellinghouse” (Debt Arrangement and Attachment (Scotland) Act 2002 Sch 2 para 1).

The Schedule then lists those assets which may not be taken in satisfaction of a debt.

non est

Contraction of non est inventus, Latin for “not to be found”.

The term means that the sheriff cannot find the person.

non-established taxable person (NETP)

Person who is registered to account for VAT in the UK, but who is not resident in the UK. From 1 January 2002, HMRC has a right to require an NETP to appoint a representative to act on the NETP's behalf.

non-established taxable person

VAT term for an individual, firm or company in another country, which makes taxable supplies in the UK, but has no business establishment in the UK.

non est factum

Latin: it is not his deed.

An old common law defence which excused a person from being bound from a document he signed but

was ignorant of its contents.

non est investus

Latin: he has not been found.

The return a sheriff makes when he cannot find a person he is required to arrest.

non-exchange transaction

In accounting, "a transaction whereby an entity receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange" (FRS 102 glossary).

non-excludability

Economic principle that once goods are provided, it is impossible to stop people consuming them, even if they have not paid for them.

non-executive director

Director of a company but who is not involved in its day-to-day management.

Cadbury Report of 1992 recommended that all listed companies should have non-executive directors to provide independent judgment on strategy, performance and standards of conduct.

non-exempt miscellaneous income

Broadly, income of a charitable trust that is taxable (Income Tax Act 2007 s528).

non-exempt miscellaneous losses

Loss that arises from a transaction which, had it been profitable, would have been taxable as **non-exempt miscellaneous income** (Income Tax Act 2007 s528(5)).

non-exempt unauthorised unit trust (NEUUT)

Any unauthorised unit trust that is not an **exempt unauthorised unit trust**.

Its tax treatment is explained in HMRC Guidance Note of 10 December 2013.

non-feasance

Failure to do something that should be done.

non-financial asset

In accounting, it is recognised that these will usually be valued using a method other than **historical cost**. Guidance is provided in FRS 102 section 2.49.

non-financial performance measure

In management accounting, an indicator of performance that can be measured but not in financial terms. An example is polling staff to obtain a measure of job satisfaction.

non-food additives

Term used in VAT notice 701/14 for such products as "bicarbonate of soda, saltpetre and other single chemicals for use in brining or other processing of meats or fish". They are standard-rated for VAT.

non-forfeiture clause

Clause in a life insurance policy that sets out the terms under which the policy may remain in force if the premium remains unpaid.

non-geographic number

Telephone number that is not determined by the area of the subscriber so that all callers to that number pay the same charge regardless of where they live. Since 2001 most non-geographic numbers start 03.

non-group life policy

Policy of insurance under which the only benefits which may become payable are benefits payable in consequence, or anticipation of: the death of the individual or the death of one of a group of individuals which includes the individual (e.g. a policy which covers a number of individuals but only pays a benefit out on the first death or last survivor' death) or the deaths of more than one of a group of individuals (e.g. a policy which pays a benefit out on the death of each of the individuals) where the group includes the individual, and the other members of the group are connected with the individual in accordance with section Finance Act 2004 s195A(8).

The term is defined in Finance Act 2004 s195A(2).

non-historic

Description of an amount which has not been calculated on the historical cost basis.

nonillion

One thousand raised to the tenth power.

non-instalment option property

HMRC term for property for which the **instalment option** has not been chosen.

non-judgmental	Counselling attitude which avoids any suggestions of right or wrong to allow the problem to be addressed.
non-large company	Company that does not have to pay corporation tax in instalments.
non-legal staff	Employee of Revenue and Customs Prosecutions Office who is not a prosecutor but may undertake certain legal functions (Commissioners for Revenue and Customs Act 2005 s39).
non licet	Latin: it is not allowed.
non licet fumare	Latin: no smoking.
non-life policy of insurance	“Means — (a) a contract made in the course of a capital redemption business, within the meaning of Chapter 1 of Part 12 of the Taxes Act, and (b) any policy of insurance which is not a policy of insurance on the life of any person” (Taxation of Capital Gains Act 1992 s204(10)).
non liquet	Latin: it is not clear.
non-mechanical line	Assembly line where components do not move on conveyor belt but are fetched by the assemblers.
non-ministerial department (NMD)	Independently run body answerable to the Scottish Parliament. Revenue Scotland is an NMD.
non mi ricordo	Latin: I do not remember.
non-monetary items	Item which is not money but has a value.
non-money earnings	Term used in Income Tax (Earnings And Pensions) Act 2003 s19 to mean benefits in kind and similar reward for employment other than money earnings .
non-natural person (NNP)	Legal person who is not a natural person. An NNP is usually a limited company. The term is used in relation to Annual Tax on Enveloped Dwellings .

non-negotiable	Description of a financial instrument which cannot be exchanged for cash, such as a crossed cheque.
non-notice	Failure to give notice for dishonouring a bill of exchange (Bills of Exchange Act 1882 s50).
non observata forma infertur adnullatio res	Latin: non-observance of the prescribed formalities involves the invalidity of the proceedings.
non obstante veredicto	Latin: notwithstanding the verdict.
non olet pecunia	Latin: the money does not stink. This is a quotation attributed to Emperor Vespasian meaning that the source of funds does not matter.
non omittas propter libertatem	Latin: do not omit the proper execution.
non omne quod licet honestum est	Latin: all things that are lawful are not honourable.
non-operational	In relation to the remittance basis, this term is given a specific meaning for a target company in Income Tax Act 2007 s809VH(6).
non-originating	Customs description of products which cannot be shown to meet either condition for originating products .
non-participating funds	Term used in Income and Corporation Taxes Act 1988 s432C in relation to determining the tax liability of life assurance companies.
non-participating life insurance policy	Life insurance policy that does not participate in the profits of the insurance company.
non-performing loan	American term for a loan where there is no expectation that either the principal or any interest will be paid. The term is particularly used for loans to poor countries. Banks usually make a provision in their accounts for such loans when 90 days overdue for commercial loans, and 180 days for personal loans.

- non placet** Latin: it is not approved.
- non possessori incumbit necessitas probandi prsessiones ad se pertinere**
Latin: a person in possession is not bound to prove that what he possesses belongs to him.
- non potest rex gratiam facere cum injuria et damno aliorum**
Latin: the king cannot confer a favour on one man to the injury and damage of others.
- non-primary purpose trading** When a charity decides "to use trading activities as a way of raising money" such as selling goods in a shop or through a catalogue (VAT notice 701/1). Such activities must be conducted through a **subsidiary trading company**.
- non-priority debt** Debt whose non-payment does not have immediate serious consequences for the debtor.
- non-priority order** **Attachment of earnings** order issued under Attachment of Earnings Act 1971 for sums owed other than unpaid fines and child maintenance.
The employer must deduct a sum stated from each payslip and pay it to the court which issued the notice. A non-priority order must only be deducted when all **priority orders** have been dealt with.
- non-profit** Description of an organisation which is constituted for a purpose other than the enrichment of its owners. Examples include charities, trade unions, educational establishments, government and local authority bodies, professional bodies and social clubs.
The tax definitions are given under **non-profit-making**.
- non-profit company** In relation to taxation of insurance companies, means "a company carrying on **long-term business** where, at the end of the period:
(a) none of the liabilities of that business, or
(b) none but an insignificant proportion of those liabilities"
(Income and Corporation Taxes Act 1988 s431(2)).

non-profit-making

General

Description of an organisation that “does not carry on a trade and its functions do not consist wholly or mainly in the holding of investments or other property” (Income Tax (Earnings And Pensions) Act 2003 s99(4)).

In relation to the taxation of a director of such a company “means that —

(a) the company does not carry on a trade, and

(b) its functions do not consist wholly or mainly in the holding of investments or other property” (Income Tax (Earnings And Pensions) Act 2003 s223(8)).

Value added tax

For VAT, “we consider, when judging whether an organisation is non-profit-making, the objects for which an organisation has been established, as distinct from the financial policy being pursued. Although the organisation may generate income surpluses from various activities, we will not refuse recognition as a non-profit-making organisation simply because these surpluses subsidise other activities. If a body has a constitution or articles of association that bars it from distributing surpluses of income over expenditure to its members, shareholders or any other party, other than in the event of a liquidation or cessation of activities, we normally accept it as non-profit-making for the purposes of this exemption. However, the existence of any provision barring distribution will not necessarily be the sole factor in determining whether an organisation is non-profit-making” (VAT notice 701/5).

non-profits fund

In relation to taxation of insurance companies, means “a fund that is not a with-profits fund” (Income and Corporation Taxes Act 1988 s431(2)). There are many specific tax provisions in the sections that follow.

non pros

Abbreviation of **non prosequitur**.

non prosequitur

Latin: he does not follow up. An old ground for striking out a legal claim.

non-public interest company

“Means a company that is not a **public interest company**” (Companies Act 2006 s519A(1)).

- non-qualifying life policy** UK life assurance policy that does not satisfy the legal requirements of tax law.
- non quod voluit testator, sed quod dixit, in testamento inscipitur**
Latin: not what the testator wished, but what he said, in considered in construing a will.
- non-reciprocal import preference**
Another name for autonomous import preference.
- non-recurring item** Items which appear in a set of accounts but are not expected to appear again.
- non refert an quis assensum suum praefert verbis, an rebus ipsis et factis**
Latin: it matters not whether a man gives his assent by his words, or by his acts and deeds.
- non refert quid notum sit iudici, si notum non sit in forma iudicii**
Latin: it matters not what is known to the judge, if it be not known judicially.
- non-refundable** Description of a deposit or payment which will not be refunded, such as if the payer decides not to proceed with a transaction.
- non-regular way** In investment, a trade made with specific conditions that differ from standard conditions.
- non-reliance letter** Letter indemnifying an auditor or other professional adviser from any legal action in connection with information provided by the auditor or adviser.
The auditor will usually draft the letter and required it to be signed before releasing the information.
In tax, HMRC has not indicated whether it will accept such a letter as part of an **Independent Business Review** when a taxpayer seeks a **Time to Pay** arrangement for a sum greater than £1 million.
- non-resident** Person who does not reside in a particular country.
Their income tax liability is set out in Income Tax Act 2007 from s810.

non-resident bank	Its corporation tax position is given in Corporation Tax Act 2009 from s25.
non-resident company	Company that is regarded as being not resident in the UK. Its liability for corporation tax is set out in Corporation Tax Act 2009 from s19.
non-resident group	Group of companies none of which are UK resident. If a group contains resident and at least two non-resident companies, the non-resident companies comprise a non-resident group (Taxation of Capital Gains Act 1992 s14(4)).
non-resident insurance company	“Means an insurance company that is not resident in the United Kingdom” (Non-Resident Insurance Companies Regulations SI 2003 No 2715 reg 2). Insurance company is defined in Income and Corporation Taxes Act 1988 s431(2).
non-residential pitch	In the context of the VAT exemption for land in seasonal caravan accommodation “means a pitch which — (a) is provided for less than a year, or (b) is provided for a year or more and is subject to an occupation restriction and which is not intended to be used as the occupant’s principal place of residence during the period of occupancy” (Value Added Tax 1994 Sch 9 Group 1 Note (14A) as inserted by Value Added Tax (Land Exemption Order) SI 2012 No 58 with effect from 1 March 2012).
non-resident parent	Parent who does not live with the child and who usually makes payments to the other parent, known as the parent with care . Before 18 January 2001, a non-resident parent was known as an absent parent.
non-resident period	Period for which a migrating settlement was not UK resident (Taxation of Capital Gains Act 1992 s89).
non-resident qualifying company	Non-resident company that would be a close company if

it were UK-resident (Taxation of Capital Gains Act 1992 s96).

non-rivalry

Economic term for when consumption by one person does not reduce the amount available for others.

Norway

European country that is not in the European Union but is in EFTA. Its currency is the krone or 100 ore. The UK has a double taxation convention of 2013.

non-savings, non dividend (NSND)

Category of income. Such income remains subject to UK rates of income tax when Scottish rate of income tax is introduced from April 2016.

non sequitur

Latin: it does not follow.

The term commonly refers to a statement that does not logically follow a previous statement.

non-smoking material (NSM)

Material developed to imitate smoking tobacco but without nicotine and other harmful materials. It was still subject to **tobacco duty**. NSM products were manufactured in June 1977, but the imposition of duty meant that they did not achieve their purpose. They were withdrawn from sale a few months later and all stocks incinerated.

non solent quae abundant vitiare scripturas

Latin: surpluses do not vitiate writings.

non-standard accessory

In the context of company cars for tax purposes, any accessory which is not a **standard accessory** (Income Tax (Earnings And Pensions) Act 2003 s125(4)).

non-statutory accounts

In company law, a balance sheet and profit and loss account for a financial year which is other than as required as part of the statutory accounts (Companies Act 2006 s435(3)).

non-sterling bank account

Term sometimes used for a **foreign currency bank account**.

non-synthetic methanol	“Means methyl alcohol of non-synthetic origin” (Hydrocarbon Oil Duties Act 1979 s23C(5)(e))”.
non-tariff barrier (NTB)	Any barrier to international trade other than Customs duty or an outright ban. Examples include excessive documentation, excessive compliance with health and safety regulations and requirements to pay in an expensive currency.
non-taxable consideration	In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s798.
non-taxable person	For VAT, person who is not registered. Such a person may be an individual, an unregistered business, a charity or a public body. Supplies to such a person in another EU member state must bear VAT as if the person was UK-resident.
non-taxpayer	<p>In investment, person whose total income is below the personal allowance for income tax. At various times there have been different provisions for payment of interest to non-taxpayers.</p> <p>A non-taxpayer should donate funds to charity under Gift Aid.</p>
non-tax value	Term used for the disregard of avoidance schemes in determining the corporation tax payable by banks. The term is defined in Corporation Tax Act 2010 s269CK(7).
non-tax value condition	<p>For controlled foreign companies from 2012, the value of a project which is not derived from saving tax.</p> <p>This is one of the three conditions that must be met for a controlled foreign company's profits from a foreign subsidiary to come within the scope of UK tax.</p>
non-trade business	<p>Business activity that is not within the scope of a trade.</p> <p>The term is specifically used in Income Tax (Trading And Other Income) Act 2005s609 in relation to exploitation of film rights.</p>
non-trade creditor	Creditor who is owed money other than as a trade supplier. Examples include the tax authorities and holders of preference shares.

non-traded company	“Is a company none of whose shares were, at any time during the confirmation period concerned, shares admitted to trading on a relevant market or on any other market which is outside the United Kingdom” (Companies Act 2006 s853F(2)).
non-trading deficit	Corporation tax provisions are given in Corporation Tax Act 2009 from s456.
non-trading income	Interest paid by a company on loans that do not fund the business. Such interest is not tax-deductible under the loan relationship rules of Corporation Tax Act 2009 Part 5.
non-trading partnership	Partnership formed for a person other than to trade. Examples include partnerships formed to hold property or make investments.
non-trading profits	For loan relationship , the term is defined in Corporation Tax Act 2009 s290.
non-trading receipts	Income of a business other than from its trading activities. Such income can include sale of assets, issue of shares, loans and compensation. For tax purposes, such receipts are excluded from trading income, though they may be taxed under other provisions.
non-transferable cheque	Cheque which cannot be indorsed to another payee. This is achieved by writing ‘account payee only’ or ‘a/c payee only’ on the face of the cheque (Bills of Exchange Act 1882 s81A).
non-UCITS retail scheme	For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).
non-UK profits	Term used in Corporation Tax Act 2010 s108 in relation to restrictions on loss relief.
non-UK resident	“Means a person who is not resident in the United Kingdom” (Taxation of Capital Gains Act 1992 s271D(1) and s271J(1)).

non-UK tax In relation to corporation tax and group relief, “means a tax chargeable under the law of a territory outside the United Kingdom which —
(a) is charged on income and corresponds to United Kingdom income tax, or
(b) is charged on income or chargeable gains or both and corresponds to United Kingdom corporation tax”
(Corporation Tax Act 2010 s187).

non videntur qui errant consentire
Latin: those who are mistaken are not deemed to consent.

non videtur consensum retinuisse si quis ex praescripto minantis aliquid ammutavit
Latin: he is not deemed to have consented who has altered anything at the command of anyone using threats.

non-voting share Ordinary share but where the shareholder is not allowed to vote.

no offset principle Name often given to the fifth **accounting concept** introduced by Financial Reporting Standard FRS 18, namely that assets and liabilities must be shown separately in the accounts and not netted off.

no par value (NPV) Description of shares that have no nominal value.

no possibilities test Requirement that a company may only obtain tax relief for losses of an overseas subsidiary against profits from UK trade when there is no possibility of tax relief being claimed overseas.
In 2005, the European Court of Justice decided that such a claim could be made in the long-running *Marks and Spencer plc* litigation. The law was amended in 2006 to reflect this ruling, but the European court has ruled that this amendment is too restrictive.
The Supreme Court has ruled that this test is to be applied at the end of the accounting period in which the loss arose (*HMRC v Marks and Spencer plc [2013] UKSC 30*). The Court issued a press release giving its explanations on 22 May 2013.

no pre-arranged exists requirement

Requirement under Income Tax Act 2007 s177 that **EIS relief** against income tax depends on the investor not having pre-arranged an exit, or for the disposal of his shares at the time of acquiring them.

no prize machine

Gaming machine which provides no opportunity to win a prize (Gambling Act 2005 s248).

NOR

Not ordinarily resident.

normal and necessary

Term used in VAT notice 700 in relation to **packaging**.
Normal and necessary packaging is regarded as part of the packaged product.

normal car

For income tax on employment income, the car normally provided to an employee, as against a **replacement car** (Income Tax (Earnings And Pensions) Act 2003 s145(1)).

normal commercial loan

For corporation tax, this term is used in relation to the taxation of distributions. It is defined in Corporation Tax Act 2010 s162. Such a loan must be for **new consideration** and must meet four conditions.

normal commercial practice

The usual way a business conducts its trading activities.
Where a taxpayer comes within the scope of an **anti-avoidance** provision but can demonstrate that this is because of his normal commercial practice, the taxpayer may escape the anti-avoidance provisions. An example relates to generous invoicing provisions in the **anti-forestalling** regulations when the rate of VAT was increase.

normal day-to-day activities

Those activities which a person normally does every day in *his or her* life. An inability to do them may count as a disability under the Disability Discrimination Act 2005.
It should be noted that this is a subjective test relating to the person's life. A test case was *Paterson v Commissioner of Police of the Metropolis [2007]* where a senior dyslexic officer was discriminated against.

normal distribution

In statistics, a graph representing normal frequency distribution. It is shaped like a bell.

normal employee costs	<p>Expenses normally paid to an employee, such as remuneration, sick pay, holiday pay and redundancy pay.</p> <p>Such expenses are tax deductible even when paid in circumstances that would otherwise make them non-deductible, such as on cessation of business. This matter is discussed in the Inspectors' Manual at BIM38315.</p>
normal expenditure out of income	<p>For inheritance tax, such expenditure is excluded when determining tax liability (Inheritance Tax Act 1984 s21). So if a father provides an allowance for a child at university, that is not regarded as a taxable gift should the father die within seven years.</p>
normal home	<p>"Where you usually live. For Customs purposes, that is where you spend at least 185 days in a period of 12 months, because of your work and personal connections. But if:</p> <ul style="list-style-type: none">• you have no work connections; or• your work and personal connections are in different countries, <p>then your normal home is where your personal connections are.</p> <p>"However, if you are a UK citizen working outside the EC, 'normal home' can mean where you are working, even if your personal connections are in the UK. You must have live, or have lived there, for at least 185 days in a 12 month period" (Customs notice 3).</p> <p>The note adds that normal home is "not necessarily the country in which you were born or hold citizenship".</p>
normal level of activity	<p>In management accounting, the inputs and outputs expected within an organisation in its normal functions under normal conditions.</p>
normal loss	<p>Loss which one expects to make in an activity, such as material wasted in manufacture.</p>
normally resident	<p>For tax, where at least 185 days has been spent in the last twelve months for work and personal connections. If there are no work connections, or work and personal connections are in different countries, then this is usually considered to be resident in the country where the</p>

personal connections are.

- normal market size (NMS)** In investment, the maximum size to which a bid price or offer price relates in a trade of securities. An investor may not be able to buy a greater amount of securities at the same price. The NMS may normally be bought or sold without moving the market.
- normal minimum pension age** This is age 50 for the period before 6 April 2010; and age 55 on or after 6 April 2010.
- normal pension age (NPA)** Age at which a person may be expected to draw a pension.
- normal remuneration** Amount an employee normally receives for working, including employers' national insurance and any pension contributions.
- normal rent** "That amount is the amount that L [the lessor] would, apart from this Part, bring into account as rent from the lease that arises to L in that period of account for the purpose of determining L's liability to income tax for the related tax year or years" (Income Tax Act 2007 s614AA(2)).
A similar definition appears in Corporation Tax Act 2009 s896.
- normal rental excess** For finance leases, this term is defined in Income Tax Act 2007 s614BJ(1).
In relation to anti-avoidance provisions about leases, the term is defined in Corporation Tax Act 2009 s909(1).
- normal retirement age (NRA)** The age at which an employee holding a particular position normally retires from service.
The term is used in VAT notice 701/1 in relation to staff loaned from one charity to another. Provided the other charity pays no more than the employee's normal remuneration, there is no business supply of staff.
- normal retirement date (NRD)** The normal date of retirement applicable to a member of an occupational pension scheme and specified in the rules of the scheme.

- normal rules** Term used in VAT leaflets meaning that the usual rules of VAT apply in one area of a situation where particular rules apply elsewhere. For example, VAT notice 725 gives the particular rules that apply for exported and removed goods but notes that the normal rules apply for reclaiming input tax.
- normal selling price** In relation to VAT on **investment gold coins**, the price that may be commanded for a particular coin (VAT notice 701/12A).
Provided that coins of that kind are sold for no more than 180% of their gold value, a specific coin may still be regarded as an investment coin even if sold for more because of a special factor for a particular coin, such as being from a rare year.
- normal Sunday working hours** The hours that a shop worker has agreed to work on a Sunday (Employment Rights Act 1996 s41A(3) as inserted by Enterprise Act 2016 Sch 5 para 3).
- normal writing-down allowance** Term used in Capital Allowances Act 2001 s126 to mean the writing down allowance that applies when there are no restrictions on the rate because of overseas leasing.
- normal yield curve** In investment, a curve on a graph showing the usual relationship that returns on longer-dated bonds are higher than short-term bonds. The opposite is called an inverted yield curve.
- normative economics** Branch of economics that incorporates value judgments about what an economy should be like.
- normative need** Term that defines social need according to a formula, such as used in Housing Act 1957 to define housing need.
- north** Colloquialism for higher, so a figure that “goes north” is one that increases.
- North Atlantic Treaty Organisation (NATO)** Political defence alliance better known by its initials.
- Northcote, Stafford** English Conservative politician (1818-1887) who was Chancellor of the Exchequer from 21 February 1874 to 21

April 1880.

Northern Ireland

One of the four countries of the United Kingdom. It comprises six counties on the north of the Ireland. It has been a distinct part of the UK since 3 May 1921 under Government of Ireland Act 1920.

Various attempts to establish a measure of independent government failed until the **Northern Ireland Executive** and **Northern Ireland Assembly** were established in 1998.

Northern Ireland is generally governed by its own laws which tend to mirror the law in England and Wales. Tax rates are the same as for the UK. Various tax provisions give Northern Ireland tax advantages.

Northern Ireland has been given the right to levy a different rate of corporation tax under Corporation Tax (Northern Ireland) Act 2015. In the Autumn Statement 2015, it was announced that the rate will be 12.5%.

VAT is refunded to Northern Ireland under Value Added Tax 1994 s99.

As the only part of the UK that adjoins another state, there are special customs procedure for the movement of goods by land to and from the Irish Republic, as set out in Customs and Excise Management Act 1979 s26 and 68B.

Northern Ireland additional deduction

In relation to film tax relief for corporation tax in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357RA.

For television tax relief, the term is defined in Corporation Tax Act 2010 s357SA.

For video games tax relief, the term is defined in Corporation Tax Act 2010 s357TA.

For theatrical productions, the term is defined in Corporation Tax Act 2010 s357UA.

Northern Ireland apprenticeships

“Means apprenticeships undertaken under arrangements made under section 1 of the Employment and Training Act (Northern Ireland) 1950 that are identified by the person making them as arrangements for the provision of apprenticeships”

(Apprenticeships, Skills, Children and Learning Act 2009

s40B(3) as inserted by Enterprise Act 2016 s26).

Northern Ireland Assembly Devolved legislature of **Northern Ireland**. It was formed in 1998, but its powers were subsequently suspended several times.

The Assembly appoints the **Northern Ireland Executive**. It has 108 members known as **Members of the Legislative Assembly (MLAs)**.

Northern Ireland authority In relation to apprenticeships, “means —
(a) a Northern Ireland department, and
(b) any body or other person that is prescribed, or of a prescribed description”
(Apprenticeships, Skills, Children and Learning Act 2009 s40B(3) as inserted by Enterprise Act 2016 s26).

Northern Ireland banknotes Notes issued by banks in Northern Ireland and which circulate as currency.

Such notes were subject to stamp duty until 1 January 1992.

Northern Ireland Chapter 2 surrenderable loss

This term is defined in Corporation Tax Act 2010 s357PC(2).

Northern Ireland charity Term used in Charities Act 2011 s104.

Northern Ireland company In relation to corporation tax, this term is defined in Corporation Tax Act 2010 s357KA.

Northern Ireland Contributions and Benefits Act

“Means Social Security Contributions and Benefits (Northern Ireland) Act 1992” (Social Security Administration Act 1992 s176(5)).

Northern Ireland Department In relation to co-operation with HMRC and the Department of Work and Pensions in social security fraud, “means any of the following —

- (a) the Department for Social Development;
- (b) the Department of Finance and Personnel;
- (c) the Department for Employment and Learning.”

(Welfare Reform Act 2012 s127(7)).

- Northern Ireland element** In relation to corporation tax, this term is defined in Corporation Tax Act 2010 s357OP.
- Northern Ireland employer** In relation to corporation tax, this term is defined in Corporation Tax Act 2010 s357KD.
- Northern Ireland Executive** The executive part of the **Northern Ireland Assembly**, established under Northern Ireland Act 1998. It comprises a **First Minister** and other departmental ministers.
- Northern Ireland expenditure** In relation to corporation tax relief for research and development “means expenditure incurred in a trade to the extent that the expenditure forms part of the Northern Ireland profits or Northern Ireland losses of the trade” (Corporation Tax Act 2010 s357P(2)(a)).
- Northern Ireland firm** In relation to corporation tax, the term is defined in Corporation Tax Act 2010 s357WA.
For capital allowances, the term is defined in Capital Allowances Act 2001 s6B.
- Northern Ireland friendly society** “Means a friendly society, not being a collecting society, which is registered in Northern Ireland for purposes corresponding to the Friendly Societies Act 1974” (SI 1977 No 1143, as amended).
- Northern Ireland intangibles credits** In relation to corporation tax, this term is defined in Corporation Tax Act 2010 s357OP.
- Northern Ireland intangibles debits** In relation to corporation tax, this term is defined in Corporation Tax Act 2010 s357OP.
- Northern Ireland Judicial Appointments Commission** Body corporate established under Justice (Northern Ireland) Act 2002 s3.
- Northern Ireland legislation** This comprises:
 “(a) Acts of the Parliament of Ireland;
 (b) Acts of the Parliament of Northern Ireland;
 (c) Orders in Council under section 1(1) of the Northern Ireland (Temporary Provisions) Act 1972;

(d) Measures of the Northern Ireland Assembly established under section 1 of the Northern Ireland Assembly Act 1973;
(e) Orders in Council under Schedule 1 to the Northern Ireland Act 1974;
(f) Acts of the Northern Ireland Assembly; and
(g) Orders in Council under section 85 of the Northern Ireland Act 1998".
(Interpretation Act 1978 s24(5)).

Northern Ireland long haul rates of duty

Rates of air passenger duty from Northern Ireland, as set out in Finance Act 1994 s30A.

Northern Ireland qualifying Chapter 7 expenditure

This term is defined in Corporation Tax Act 2010 s357P(2)(e).

Northern Ireland qualifying land remediation loss

This term is defined in Corporation Tax Act 2010 s357QB(3)(a).

Northern Ireland regional establishment (NIRE)

For the purposes of corporation tax, this term is defined in Corporation Tax Act 2010 from s357L.

Northern Ireland SME company

For the purposes of capital allowance in Northern Ireland, this term is defined in Capital Allowances Act 2001 s6A.

Northern Ireland supplementary deduction

In relation to film tax relief in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357RC.

For television tax relief, the term is defined in Corporation Tax Act 2010 s357SA.

For video games tax relief, the term is defined in Corporation Tax Act 2010 s357TB.

For theatrical productions, the term is defined in Corporation Tax Act 2010 s357UB.

Northern Ireland union

"Trade union whose principal office is situated in Northern Ireland" (Trade Union and Labour Relations (Consolidation) Act 1992 s120).

Northern Ireland workforce conditions

In relation to corporation tax, these are defined in Corporation Tax Act 2010 s357KE.

Northern Rock

British bank that failed in 2007, having converted from a building society in 1997. It led to the first run on a British bank for more than 150 years. It was bailed out by the government. The tax consequences are set out in SI 2009 No 3227.

Norway

European country.

The UK has a tax treaty with Norway. This was amended by an enforcement order SI 2013 No 3144.

noscitur a sociis

Latin: the meaning of a word can be gathered from the context.

nose tax

Tax imposed by the Danes in 9th century Ireland. Those who did not pay could have their noses slit.

no smoke without fire

Idiom meaning that there must be some truth in any scandal or rumour.

The expression is as untrue metaphorically as it is literally.

nostro account

In banking, account one bank holds with a bank in a foreign country, usually in the currency of that foreign country.

notaphily

Collection or study of bank notes.

no tax avoidance requirement

Requirement that entitlement to a tax relief depends on there being a genuine commercial reason other than tax avoidance. This requirement is set out in Income Tax Act 2007 s165 for **EIS relief**.

notary

Person who is authorised to certify deeds.

notary public

Lawyer who has authority to witness documents and spoken statements, usually for a fee. Most solicitors are notaries public.

notch

Term used in the Pakistani income tax system and other tax systems where tax is charged at increasing rates on

the whole income (known as the **slab basis**) rather than on succeeding slices of income as in the UK and most income tax systems in the world. The Pakistani tax system eliminated these notches in 2015.

This leads to bunching below the notch and a hole above it. A simple (made up) example illustrates the point. Suppose all income up to £20,000 is taxed at 10% and all income above is taxed at 15%. Someone earning £20,000 pays £2,000 tax and keeps £18,000. If they receive a pay rise to £21,000, they pay £3,150 tax and keep £17,850. In this example the person's pay has to rise to £21,176 before the additional pay compensates for the additional tax.

The notch formula is:

$$P = T(H - L)/(1 - H)$$

where P is the additional pay above the threshold needed to compensate for the higher rate of tax, T is the threshold, L is the rate of tax below the threshold, and H is the rate of tax above the threshold. Rates of tax must be expressed as a decimal.

Research suggested that the slab system reduced wages in Pakistan by between 10% and 15% as workers refused pay increases.

note

- (1) Bank note, or document which conveys information.
- (2) Narrative comment which is cross-referenced to a figure in the accounts.
- (3) In investment, a short-dated debt instrument whereby the issuer promises repayment by a specified date.

note a bill

Record a refusal to accept a **bill of exchange**.

notebook

Bound book for keeping notes and other miscellaneous writings.

note issuance facility

Credit facility where a company gets a loan underwritten by a bank against which the company may issue a series of short-term notes to replace those which have expired. Such notes are usually in euros.

note of hand

Document which states that someone promises to repay a sum of money by a stated date.

notes (to financial statements)

“Notes contain information in addition to that presented in the statement of financial position, statement of comprehensive income, income statement (if presented), combined statement of income and retained earnings (if presented), statement of changes in equity and statements of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements” (FRS 102 glossary).

See also **notes to the accounts**.

notes to the accounts

Information in financial statements that gives more detail about items in the **financial statements**. FRS 102 refers to them as **notes to the financial statements**.

Accounts, particularly balance sheet and profit and loss account, have numbers against them that cross-reference the figure to more explanation, sometimes in the form of further accounting information.

Such notes form part of the accounts, and may contain any of the statutory information required under company law (Companies Act 2006 s472).

See also **notes (to financial statements)**.

notes to the financial statements

Additional information provided to the financial statements in the accounts of an entity. The accounting provisions are given in FRS 102 Chapter 8.

The main items to be included in the notes are:

- information on how figures in the accounts have been determined (para 8.2(a))
- additional information when specifically required by an accounting standard (para 8.2(b))
- information that does not appear in the accounts but which is relevant to understanding the entity's financial position (para 8.2(c))
- disclosure of accounting policies (para 8.5)
- information about judgments used, such as where amounts have been estimated (para 8.6)
- assumptions about the future that affect figures in the accounts (para 8.7).

The notes must be presented “in a systematic manner” (para 8.3) and in this order:

- a statement that the accounts have been prepared in accordance with FRS 102 (if they have been),
 - a summary of significant accounting policies,
 - supporting information for items in the financial statements,
 - any other disclosures
- (FRS 102 section 8.4).

not for profit body

“A body which, by or by virtue of its constitution or any enactment:

(a) is required (after payment of outgoings) to apply the whole of its income, and any capital which it expends, for charitable or public purposes, and

(b) is prohibited from directly or indirectly distributing amongst its members any part of its assets (otherwise than for charitable or public purposes)” (Legal Services Act 2007 s207(1)).

nothing-gift

Old term for a gift of no value.

nothing to declare

Old term for the Customs procedure when someone arrives with no goods that are prohibited, restricted or subject to duty. The procedure is now replaced by the **green channel** for travellers from outside the EU, and **blue channel** for travellers from within the EU.

notice

(1) Announcement, warning, information or similar. This may be displayed or conveyed in other means, such as a letter.

(2) Period given by an employer or employee to the other that the employment is to end.

notice of appeal

Notice issued by one party stating that he intends to appeal against a decision by the other party.

In particular, the term is used when a taxpayer contests a tax assessment or a tax code. The procedure is given in Taxes Management Act 1970 s31A.

The main conditions of such a notice is that it must be in writing and sent within 30 days to the HMRC officer who issued the contested assessment or code.

notice of assessment

Original term for a **tax assessment**. When PAYE was first introduced in 1943, such a notice was sent after the year-

end.

notice of assignment

Another name for an **allocation notice**.

notice of cancellation or variation

Notice that HMRC may serve on a bank to vary a **hold notice** previously served that instructs the bank to take funds from a taxpayer (Finance (No 2) Act 2015 Sch 8 para 9).

notice of coding

Notice which informs a person of a code that has been issued. The term often applies to the P2 form from HMRC advising an employee of a tax code.

notice of correction

Document sent to an individual or trust when HMRC has corrected "obvious errors or omissions" in a **personal return** or **trustee's return**. The procedure is set out in Taxes Management Act 1970 s9ZB.

The notice has the effect of amending the tax return as stated unless the taxpayer sends a **notice of rejection** within 30 days.

notice of determination

Notice that a matter in dispute has now been determined by an appropriate authority.

There are various provisions where such a notice may be issued by HMRC.

notice of dishonest conduct

Under a consultation document produced by HMRC in July 2011, a notice that they would be able to serve on a tax agent who HMRC believes is acting dishonestly.

notice of enquiry

Notice sent by HMRC to a taxpayer saying that it intends to enquire into an aspect of a tax return. The procedure is set out in Taxes Management Act 1970 s9A.

A notice of enquiry to a partnership is issued under Taxes Management Act 1970s12AC.

There are further provisions in Finance Act 2008 Sch 36 para 21ZA(4).

Generally, HMRC has a time limit for such notices. If the tax return was submitted on time, the notice of enquiry must be sent within 12 months after the day the return was delivered.

notice of objection In relation to HMRC's powers to seize funds from a taxpayer's bank account without needing the authority of any court, a notice given by the taxpayer or other interested party to HMRC objecting to the seizure on one of the permitted grounds (Finance (No 2) Act 2015 Sch 8 para 10).

notice of objection to Sunday working A notice which a worker in a shop or betting office may serve on his or her employer stating that they will no longer work on a Sunday (Employment Rights Act 1996 s40).

notice of referral Notice that **Revenue Scotland** may issue to refer a matter to a tax tribunal during an enquiry (Revenue Scotland and Tax Powers Act 2014 s88).

notice of rejection Notice sent by an individual or trust to HMRC refusing to accept its **notice of correction** of an error in a tax return.
The notice of rejection must be sent within 30 days. It has the effect of cancelling the notice of correction. This provision is set out in Taxes Management Act 1970 s9ZB(4)-(5).

notice of seizure Notice from Customs that goods have been seized while you were present. If not present, a **seizure information notice** is sent.

notice period Amount of time an employer or employee must give the other to end an employment.

This is stated in the contract of employment, though statutory minimum periods of notice are set out in Employment Rights Act 1996 s86.

Notification of Vehicle Arrivals (NOVA)

System introduced from 15 April 2013 for new and used vehicles brought permanently into the UK.

The main element is that all such vehicles must be notified to HMRC within 14 days of arrival. Any VAT must be accounted for on the next return. NOVA refers to the on-line system to support this change.

notice period The length of time an employer or employee must give the other when intending to end an employment. There

are statutory minimum notice periods. This is subject to statutory minima set out in Employment Rights Act 1996 s86.

notice requiring information Document that must be issued by a **public company** when it believes that someone other than a shareholder has an interest in its shares.

The law is given in Companies Act 2006 ss791-802.

notice to quit Notice served by a landlord on a tenant requiring the latter to vacate land or premises. There are strict rules on when such a notice is valid.

notifiable contribution arrangements Arrangements designed "to enable... any person to obtain an advantage in relation to a [national insurance] contribution" (Social Security Administration Act 1992 s132A(3)).

Such arrangements must be disclosed to HMRC under SI 2007 No 785 as amended.

notifiable contribution proposal A proposal to make **notifiable contribution arrangements**. (Social Security Administration Act 1992 s132A(3)).

notification obligation Duty to notify HMRC of a matter relating to VAT where non-compliance leads to a penalty under Value Added Tax 1994 s77(4C).

notification of senior accounting officer details "Formal provision of SAO details to HMRC by a qualifying company" (Inspector's Manual at SAOG 24000). Details of the provision are given at SAOG 13000.

notified sum Amount that a bank has taken from a taxpayer's bank account and passed to HMRC under a **hold notice**. The bank is obliged to notify the customer of the amount. (Finance (No 2) Act 2015 Sch 8 para 7(8)).

noting or protesting a bill Process which may be followed if a bill of exchange is not honoured (Bills of Exchange Act 1882 s51).

A bill may be protested for non-acceptance and subsequently protested for non-payment. Any protesting

must be done on the day of non-acceptance or the following business day.

notional	Description of something which is probable but not quantifiable.
notional accounting period	For mineral extraction, this is given a specific meaning in Capital Allowances Act 2001 s416ZB.
notional allowances	In relation to mineral extraction, this term is explained in Capital Allowances Act 2001 s431C.
notional amount	“The quantity of currency units, shares, bushels, pounds or other units specified in a financial instrument contract” (FRS 102 glossary).
notional banking surcharge profits	In relation to corporation tax surcharge on banks, this term is defined in Finance Act 2015 s79(5).
notional benefit	<p>The benefit a person is deemed to enjoy, such as the benefit of an employee who has a company car.</p> <p>In tax, the term usually refers to a method to approximate a benefit that cannot otherwise be readily quantified.</p>
notional earnings cap	Amount the pensions earnings cap would have been if the pensions cap were still law. The pensions cap was abolished as part of the pensions reform of 2006. Pension schemes were given a five-year transitional period to change to the new system. The notional cap was produced to assist in the changeover. The last published figure was £123,600 for 2010/11.
notional income	<p>Benefit which can be recognised but not easily expressed as an amount of money.</p> <p>For discretionary trusts, notional income can include premiums treated as rent, profits on sale of certificates of deposit, and gains from disposals of offshore funds.</p>
notional land transaction	Concept used in connection with pre-completion transactions and SDLT. The concept is set out in Finance

Act 2013 Sch 39 para 5.

notional loan

Term used in relation to the taxation of certain **employment-related securities** (Income Tax (Earnings And Pensions) Act 2003 s446S).

notional PAYE amount

Term used in relation to **disguised remuneration** (Income Tax (Earnings And Pensions) Act 2003 s554H(9)).

notional payment

For national insurance, payment that an employee is treated as having made when earnings exceed the lower earnings limit but where no national insurance has actually been paid because the earnings threshold has not been reached (Social Security Contributions and Benefits Act 1992 s6A).

For income tax on earnings, the term means a sum regarded as pay though not provided directly by the employer (Income Tax (Earnings And Pensions) Act 2003 s222).

The PAYE provisions are given in PAYE regulations SI 2003 No 2682 from reg 62.

notional PE profits

Term used in relation to diverted profits tax and defined in Finance Act 2015 s88(5).

notional price

Term used to determine the value of a company car when there is no readily available **list price**. The procedure is broadly to use the list price of an equivalent car. (Income Tax (Earnings And Pensions) Act 2003 s124(1)).

In relation to **priority share allocations** to employees, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s545(5).

notional rent

Sum which an organisation may set aside in its internal accounting when it occupies premises it owns to represent the "rent" it pays itself.

notional remitted amount

In relation to the remittance basis, this term is given a specific meaning in Income Tax Act 2007 s809Z5.

notional replacement cost

Method of stock valuation that is generally not accepted for tax purposes (*BSC Footwear Ltd v Ridgeway* [1971] 47TC495). The matter is discussed in the Inspectors'

Manual at BIM33125.

notional value	Amount for which a business may claim a capital allowance for plant and machinery it has produced itself (Capital Allowances Act 2001 s13(2)). The value is the market value of buying an equivalent asset.
notitia	Roll list or register.
not negotiable	Description of a bill of exchange or other financial instrument which may be transferred to another person but only on the basis that the recipient has no greater title than the signatory (Bills of Exchange Act 1882 s8).
notorious	Widely known. In law, the term indicates something that is neither good or bad, whereas in general parlance it usually means something bad.
notour	Scottish legal term meaning notorious .
not proven	In Scots law, a verdict that case has been neither proved nor disproved.
nougat wafer	Two wafer biscuits with a sandwich filling of albumen, glucose and sugar, and lightly coated with a powder of sugar and skimmed milk powder. The VAT tribunal held that they were zero-rated as food, as they were baked (<i>Boni Faccenda Ltd [1978] VATTR 155</i>).
nought	Zero, the figure 0.
noughties	Years from 2000 to 2009. The term has not gained much currency.
nourice-fee	Old term for a fee paid to a nurse.
nous avons changé tout cela	French: we have changed all that. A rejoinder to someone who repeatedly explains an old law.
Nouveau Marche	Junior stock exchange in France.

nouveau riche	Perjorative term for someone who has recently acquired wealth but not the manners that go with it.
NOVA	Notification of Vehicle Arrivals.
nova constitutio futuris formam impersonere debet, non praeteritis	Latin: a new law should regulate what is to follow, not the past.
novalia	In Scots law, waste land that has been newly reclaimed.
novation	Agreement by which the two parties to a contract agree that one of them shall be replaced by a new party. So a novation would allow A and B both to agree that a contract between them may become a contract between A and C. For leases, there are some tax provisions set out in Capital Allowances Act 2001 s70W.
novelist	An artist, sculptor, novelist, author, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005s221).
novenary	Pertaining to the number nine.
novennial	Occuring once every nine years.
novercal	Relating to a stepmother.
novice	Person who is new to an activity, particularly where the person intends to make a career from that activity. A company may sponsor a novice sportsman or performer. The extent to which this is tax-deductible is discussed in the Inspectors' Manual at BIM 42565. In particular, the fact that the sponsored person is a novice does not itself disallow a tax deduction.
novocentenary	Nine hundredth anniversary.
novodamus	In Scots law, a charter or similar document giving certain rights.

novus actus interveniens	Latin: a new act intervening. This describes the general legal rule that a chain of causation from A to B is broken at the point that C does something.
NOW account	American term for an interest-bearing account with a bank where the customer may issue cheque-like documents known as negotiable orders of withdrawal .
N P	Nisi prius.
NPA	Normal pension age.
NPG	Natural Petroleum Gas
NPIA	National Policing Improvement Agency.
NPO	Non-profit organisation.
NPR	(1) Number of pieces received. (2) ISO code for Nepalese rupee.
NPV	(1) Net present value. (2) No par value.
NPVRI	Net present value of rental payment. The abbreviation is used in Capital Allowances Act 2001 s228L(1).
NPX	Number of pieces expected.
NR	Term used in the formula for calculating the ring fence amount for the oil industry. The formula is given in Corporation Tax Act 2010 s279D.
NRA	Normal retirement age.
NRB	Nil rate band of inheritance tax.
NRB trust	Any trust established not to waste a person's nil rate band for inheritance tax. Since October 2007, the need has reduced because of the right to transfer the nil rate band between spouses.

NRBW	National Resources Body for Wales.
NRCGT	Nil return for capital gains tax. The term is used in Finance Act 2008 sch 36 para 21ZA.
NRD	Normal retirement date.
NRE	Net relevant earnings.
NRT	Net register tonnage , of ships.
NRV	(1) Net realisable value (2) Net residual value
NSB	National Savings Bank
NSC	National Savings certificate
NS&I	National Savings and Investments.
NSM	Non-smoking material.
NSND	Non-savings, non dividend. This is the class of income that is excluded from Scottish rate of income tax.
NSPCC	National Society for the Protection of Cruelty to Children.
NSWLR	New South Wales Law Reports, published from 1880 to 1900, and from 1971.
NSWR	New South Wales Reports, Australian law reports published from 1960 to 1970.
NT	Tax code used in the PAYE system for taxing employees. The letters stand for No Tax, which means that no tax is deducted. This code usually applies when the person is exempt from tax, such as having diplomatic immunity, or when another arrangement is in place to collect the tax.
NT\$	Abbreviation: New Taiwan dollar, currency of Taiwan.

NTBs	Non-tariff barriers.
NTC	National Tax Credits.
nth term	The number of a term as algebraically represented by n .
NTI	Net taxable income.
NTO	National Training Organisation.
NTPI	Net taxable pension income.
NTSI	Net taxable specific income.
Nu	Abbreviation: ngultrum, currency of Bhutan.
nu	Thirteenth letter of Greek alphabet, indicated as N or v. It was also used to indicate the number 50.
nude contract	A contract where there is no consideration . Unless the contract was made under seal, a nude contract cannot be enforced.
nudge principle	Principle that behaviour can be changed by influence rather than legislation. The Office of Tax Simplification use this term in their Notice of 18 June 2015 when they recommend that education and information can often achieve an objective better than changing tax law.
nudity	The display of nude images, usually of young women, can amount to sexual harassment. What may have been accepted, or ignored, in previous decades may not be acceptable now. Facebook has produced a detailed definition of what it considers acceptable.
nudum pactum	Latin: nude contract .
nugae	Latin: trifles.
nugget	Lump, usually small and of a precious metal such as gold. By extension, it refers to anything that is small but valuable, such as a piece of information.

nuisance	<p>An inconvenience caused by one person that materially interferes with ordinary living of others.</p> <p>Private nuisance is a tort that may be actioned in the civil courts.</p> <p>Public nuisance may be prosecuted in the criminal courts.</p>
null	<p>Having no legal force.</p>
nulla bona	<p>Latin: no goods. This is the return made by a sheriff to seize goods when he cannot find any.</p>
null and void	<p>Having no further legal effect.</p>
nulla pactione effici potest ut dolus praestetur	<p>Latin: by no contract can it be arranged that a man shall be indemnified against responsibility for his own fraud.</p>
nulla poena sine lego	<p>Latin: no punishment except in accordance with the law.</p>
nullity	<p>Something that is invalid.</p> <p>For marriage, it means one which is void or voidable at the time of marriage, such as when one of the parties were under 16, or they were closely related.</p>
nullius filius	<p>Latin: no-one's child. An illegitimate child.</p>
nullum crimen nulla poena sine lege	<p>Latin: there is no crime nor punishment except in accordance with law.</p>
nullum simile est idem	<p>Latin: a thing which is similar to another thing is not the same as the other thing.</p>
nullum tempus aut locus occurrit regi	<p>Latin: time never runs against the Crown.</p> <p>This principle has been modified by Crown Proceedings Act 1947.</p>
nullus videtur dolo facere qui suo jure utitur	<p>Latin: a malicious or improper motive cannot make wrongful in law an act which would be right apart from such motive.</p>

nul tiel record	Latin: no such record.
number	Representing of a quantity or amount, or the order in which items rank.
number of employees requirement	<p>Condition which must be satisfied by a company for investment in it to qualify for EIS relief. The requirement is basically that the company must not have more than 250 employees (50 before 6 April 2012) (Income Tax Act 2007 s186A). The same provision applies to VCT relief (Income Tax Act 2007 s297A).</p> <p>The number is increased to 500 employees for knowledge-intensive company from 1 April 2016.</p>
number plate	Combination of letters and numbers which indicate a specific vehicle. The legal term is registration mark . The number plate must meet certain conditions regarding size and colour.
numbercard	<p>Plastic card the size of a credit card which notifies a person of a number, particularly the national insurance number which is notified on such a card to individuals when they are 15 years and 9 months old.</p> <p>Such cards ceased to be issued in the summer of 2011 when they replaced by a letter.</p>
numbered account	Bank account which is identified only by a number, the identity of the customer is withheld. Such accounts are common in Switzerland.
number one	Colloquialism for the most important person.
number plate	Sequence of numbers and letters displayed on a rectangular plate and attached to vehicles to identify them.
numeracy	The state of being numerate .
numéraire	Standard for currency exchange rates.
numerate	Able to perform calculations. Originally the term meant able to read numbers.

numeration	Act of numbering.
numerical control	Control, particularly of a machine, by entering numbers that correspond to operations.
numerus clausus	Latin: closed number. The term refers to restrictions on the number of students who may be admitted to an academic establishment.
numismatism	Collection or study of coins.
nummary	Relating to coins and other means of exchange.
nummular	Coin-shaped.
nunc pro tunc	Latin: now for then.
nuncupative	Description of an oral declaration.
nuncupative will	Will made without writing. Such a will is valid if made by a serving member of the armed forces.
nuptial	Pertaining to marriage.
nuptias non concubitis sed consensus facit	Latin: it is consent, not cohabitation, which makes a marriage.
NURS	Non-UCITS retail fund. This is a form of authorised investment fund .
nurse	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.
nursing home	This activity is excluded from the tax relief for venture capital trusts by Income Tax Act 2007 s309. For this purpose s309(2) defines a nursing home as "any establishment which exists wholly or mainly for the provision of nursing care: (a) for person suffering from sickness, injury or infirmity, or (b) for women who are pregnant or have given birth".

Expenses incurred in nursing a taxpayer back to health are generally not tax deductible, according to Inspectors' Manual at BIM37950.

nursing homes and residential care

Activity which excludes a company from the scope of **EIS relief**. It is defined for this purpose in Income Tax Act 2007 s198.

nursing shawl

This was held not to be a garment, and so did not qualify for VAT zero-rating as children's clothing (*W G Jones & Sons [1974] VTD 117*).

nuts

These are zero-rated as food "if raw and unprocessed for human consumption" or if "roasted or salted nuts in their shells, however supplied bulk or retail" (Value Added Tax 1994 Sch 8 Group 1 Excepted Item 5).

The matter is further explained in VAT notice 701/14.

nuzzer

Hindu term for a present to a superior.

NV

Abbreviation: Naamioze Vennootschap, a Dutch company.

NV/100

Figure used in calculation of residence nil rate band for inheritance tax purposes. Details are given in Inheritance Tax Act 1984 s8E(1) as inserted by Finance (No 2) Act 2015 s9.

NVQ

National Vocational Qualification.

NVR

National insurance verification request.

NW

North Western Reporter, US series of law reports.

NWTSG

National Working Together Steering Group. This is a national body, replicated at local level, to allow joint working between HMRC and agents of taxpayers in dealing with tax issues.

NWTT

National Working Together Team, part of HMRC.

NYBOT	New York Board of Trade.
NYD	Not yet diagnosed. Common abbreviation for sick notes (HMRC leaflet E14).
NYMEX	New York Mercantile Exchange.
NYSE	New York Stock Exchange.
NZ\$	Abbreviation: New Zealand dollar.
NZBLC	New Zealand Business Law Cases, law reports published from 1984.
NZCLC	New Zealand Company Law Cases, law reports published from 1981.
NZD	ISO code for New Zealand dollar.
NZLR	New Zealand Law Reports, first published in 1883.

O

O	(1) Tax code used before unified income tax was introduced in 1973. It indicated that tax is in arrear and so must be deducted at the standard rate less earned income relief. (2) Order, as used in legal judgments. (3) National insurance contribution letter used for ocean-going mariners who pay the reduced rate and are in an occupational pension scheme. This letter is not used from 6 April 2016. (4) Old Roman numeral for 11. (5) For CRC Energy Efficiency Scheme , an operator.
O'	Irish patronymic used in a surname to indicate a descendant of.
OA	Osteoarthritis. Common abbreviation for sick notes (HMRC leaflet E14).

oao	On account of.
OAP	Old age pensioner.
OARS	Opening Automated Reporting Service.
oast	Kiln to dry hops or malt, as used in brewing.
OAT	Obligations Assimilables du Tresor.
oath	Declaration in court to tell the truth. It "include[s] affirmation and declaration" (Interpretation Act 1978 Sch 1).
OB	(1) Omzetbelasting , Dutch: value added tax. (2) Prefixes for paragraphs (eg OB1, OB2 etc) in chapter 1 of the Conceptual Framework of International Financial Reporting Standards. The chapter relates to the objective of general purpose financial reporting.
OBA	"Total of the balancing allowances to which the taxpayer is entitled for that period in respect of any pool other than the special pool" (Capital Allowances Act 2001 s104F).
Obamacare	The colloquial name for the US law, the Patient Protection and Affordable Care Act, heavily promoted by President Obama. It was finally signed into law on 23 March 2010 after being fought on the basis that the government was nationalising healthcare. It extended healthcare rights to the one sixth of Americans not otherwise covered. Most of its provisions took effect from 1 January 2014. One of its main provisions is that every individual must secure a health insurance policy. To make this possible, public insurance policies were either introduced or extended, and financial assistance is provided to help the poor pay for premiums.
ob and sol	Abbreviation: objection and solution.
obang	Old Japanese gold coin.
OBD	Office of Budget and Delivery.
obelisk	The printing sign †

obelus The **obelisk** sign, or other mark, particularly in old manuscripts to indicate a suspected error.

obiit Latin: died.

obiit sine prole Latin: died without issue.

obiter **Obiter dictum.**

obiter dicta Plural of **obiter dictum.**

obiter dictum Latin: saying by the way.
Observation by a judge on a legal question suggested by a case before him, but not in a manner which requires a decision. Obiter does not therefore set a precedent, but is a guide which may be considered in any future case.

objection notice In relation to Sunday working in a shop, a notice that an employee may serve on his or her employer objecting to working additional hours on a Sunday. The provisions are given under Employment Rights Act 1996 s41A as inserted by Enterprise Act 2016 Sch 5 para 3).

objective of financial statements
“To provide information about the financial position, performance and, when required to be presented. cash flows of an entity that is useful for economic decision-making by a broad range of users who are not in a position to demand reports tailored to meet their particular information needs” (FRS 102 glossary).

objectivity One of the requirements for an auditor.
“Objectivity is a state of mind that excludes bias, prejudice and compromise and that gives fair and impartial consideration to all matters that are relevant to the task in hand, disregarding those that are not. Objectivity requires that the auditor’s judgment is not affected by conflicts of interest. Like integrity, objectivity is a fundamental ethical principle” (APB ES 1 para 9).

“Objectivity is basing your advice and decisions on rigorous analysis of the evidence” (Civil Service values).

For tax professionals:

“2.4 A member may be exposed to situations

that could impair his objectivity. It is impracticable to define and prescribe all such situations. Relationships which bias or unduly influence the professional judgement of the member must be avoided.

2.5 A member must explain to his client the material risks of the tax planning or tax positions and the basis on which the advice is given.

2.6 A member must always disclose to his client if he is receiving commission, incentives or any other advantage and the amounts he receives from a third party relating to the matter upon which he is advising his client. He must also follow his professional body's rules on disclosure of and accounting for commission." (Professional Conduct in Relation to Taxation.)

objects

As a verb for PAYE purposes, "means give a notice of objection to the Inland Revenue" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

objects clause

Clause in a company's **memorandum of association** that states the purpose for which the company is formed. This is no longer a legal requirement.

Historically, this restricted what a company was allowed to do. Modern practice is either to make the objects clause so wide that the company has complete freedom of action or not to have such a clause.

oblation

Offering, particularly in the context of worship.

obligating event

Event that creates a legal or constructive obligation that results in a person or organisation having no realistic alternative but to settle that obligation (FRS 12).

obligation

In accounting, a condition for regarding an item as a **liability**.

It is not necessary for the obligation to be legally enforceable. However, an obligation usually requires more than a mere decision to accept responsibility, as a decision may be reversed. It is usually necessary for the decision to have become irrevocable such as by notification to affected parties.

Obligations Assimilables du Tresor (OAT)

French government bonds with a maturity period of at

least seven years.

obligee	Person to whom a bond is made.
obligor	Person who binds himself or herself with a bond.
oblique	Printing sign / .
oblong	Old American slang for a bank note.
obol	Ancient Greek coin worth one sixth of a drachma.
OBR	Office of Budget Responsibility.
obreption	Seeking to obtain a gift by stealth.
O'Brien, Leslie	English banker (1908-96) who was governor of the Bank of England between 1966 and 1973.
obscene	<p>"An article shall be deemed to be obscene if its effect or (where the article comprises two or more distinct items) the effect of any one of its items is, if taken as a whole, such as to tend to deprave and corrupt persons who are likely, having regard to all relevant circumstances, to read, see or hear the matter contained or embodied in it" (Obscene Publications Act 1959 s1(1)).</p> <p>There is an exception for material for the public good.</p> <p>Note that the term requires more than causing offence or disgust, or of being below a moral standard. Obscene material must have a harmful effect.</p>
obscene material	<p>Material that is likely to corrupt those who read or watch it. Such material must be more than just offensive or indecent.</p> <p>Customs may seize any obscene or indecent material that a traveller attempts to bring into the UK.</p>
obscuration	The extent to which a hydrometer reading of the strength of alcoholic liquor known as spirits is reduced by the presence of sweetening, colouring, or other matter.
obscurum per obscurius	Latin: explaining the obscure by the more obscure.

- obsignation** Old term for process of sealing a document to confirm the veracity of its contents.
- obsolescence** Process by which stock loses value for reasons other than deterioration in condition.
Reasons for obsolescence include changed fashion, discontinuance of related products, alternative products and newly available cheaper alternatives.
As **stock** is valued at the lower of cost and net realisable value, obsolescent stock is usually written down to nil or to scrap value in the balance sheet.
- obsolete** Sometimes a distinction is made between **obsolete** and **obsolescent** in that the latter denotes a continuing process of value loss, whereas the former denotes stock that has already lost value.
- obstruction** Obstruction of an officer of HMRC without lawful excuse is an offence under Commissioners for Revenue and Customs Act 2005 s31.
- obstructive building** "Means a building which, by reason of its contact with, or proximity to, other buildings, is dangerous or injurious to health" (Housing Act 1936 s54(3)).
- obtain a relevant tax advantage** In the context of a change arrangement disallowing a capital allowance, "means become entitled to a reduction in profits, or an increase in losses, for the purposes of corporation tax in consequence of a claim to allowances in respect of qualifying expenditure in respect of the relevant plant and machinery or qualifying expenditure within the meaning of section 212K(3)".
(Capital Allowances Act 2001 s212M(3)).
- obtaining services dishonestly** Crime of fraud committed by a person who dishonestly obtains services for himself or another. This applies when services attract a charge, the person knew that or knew that may be so, and deliberately fails to make payment (Fraud Act 2006 s11).
- obtestation** Old term meaning to call as a witness.

obvention	Old term meaning an incidental occurrence or fee.
obverse	Front, particularly the "heads" of a coin. The other side is the reverse.
obviation	Prevent or dispose of in advance. Note that the word does not mean just to avoid; there must be an element of forestalling before the event.
OCC	Options Clearing Corporation.
occupancy	(1) State of living, working or otherwise occupying premises, or the extent to which premises are occupied. (2) Taking possession of an ownerless thing.
occupancy restriction	<p>"Any covenant (for example, agreement or term in a contract), statutory planning consent, site licence or similar permission, the terms of which prevent the person to whom the pitch is provided from occupying it by living in a caravan at all times throughout the period for which the pitch is provided (such as a condition that says 'no caravan shall be lived in during February'). (VAT leaflet 701/20).</p> <p>The existence of such a restriction means that the provision of a caravan pitch is likely to be standard-rated for VAT rather than exempt. The matter is fully explained in VAT leaflet 701/20.</p>
occupation	<p>Definition for land Physical possession and control of land.</p> <p>Legal Under Land Registration Act 1925, the proprietary rights of a person in actual occupation may be an overriding interest that binds a purchase of registered land unless inquiry is made of that person and the rights are not disclosed.</p> <p>In marriage, occupation established a right over the matrimonial home which may be protected as a land charge (Family Law Act 1996).</p> <p>International law Act of taking over territory belonging to no-one or to another state.</p>

Inheritance tax

In relation to property for inheritance tax, occupation is not restricted to living in a property. It may be occupied if a person uses it for storage or lets it to someone else.

Occupation can be relevant in determining whether a gift of the property is a **gift with reservation**.

Definition for work

How a person earns his or her living.

Tax implications on sale of occupation income

“References to an occupation, in relation to an individual, are references to any activities of a kind undertaken in a profession or vocation, regardless of whether the individual —

(a) is carrying on a profession or vocation on the individual's own account, or

(b) is an employee or office-holder” (Income Tax Act 2007 s774).

occupational disease

Impairment of health caused by continued exposure to conditions inherent in a person's occupation or a disease resulting from the nature of an occupation.

occupational immobility

Economic term for when resources do not freely move from one purpose to another. It is particularly a problem with labour as people often find it difficult to switch rapidly from one job to another. This is usually because their skills are very specific and they will need retraining to be able to switch to a different job. It may therefore be a cause of unemployment.

occupational maternity pay (OMP)

Maternity pay provided by an employer in addition to **statutory maternity pay**. Entitlement to OMP may arise under a contract of employment or by subsequent agreement.

occupational pension

Pension which is funded by employees from either deductions from their wages or contributions from the employer or both.

Occupational Pensions Board (OPB)

Body set up to supervise occupational pension schemes.

occupational pension scheme (OPS)

A pension scheme set up by an employer for employees. It is run by Trustees and usually provides life insurance as well as pension benefits. The pension earned by the employees is usually based on a percentage of **final salary** or on the amount paid in (**money purchase** basis). An occupational pension can either be contributory (where members contribute to the fund) or non-contributory, which is entirely paid for by the employer.

A statutory definition is "a pension scheme —

(a) that —

(i) for the purpose of providing benefits to, or in respect of,

people with service in employments of a description, or

(ii) for that purpose and also for the purpose of providing

benefits to, or in respect of, other people, is established by, or by persons who include, a person to whom subsection (2) applies when the scheme is established or (as the case may be) to whom that subsection would have applied when the scheme was established had that subsection then been in force" (Pension Schemes Act 1973 s1(1)).

HMRC defines it as "a pension scheme set up by an employer (known as a sponsoring employer) to provide benefits for, or in respect of

- any or all of his own employees
- any or all of the employees of any other

employer"

(Inspectors' Manual at RPSM02200040). This mirrors the wording of Finance Act 2004 s150(5).

Occupational Pensions Regulatory Authority (OPRA)

Authority established under Pensions Act 1995 to supervise occupational pension schemes. In 2005, it was replaced by the **Pensions Regulator**.

occupational sick pay (OSP)

Sick pay paid to an employee under a contract of employment or at the discretion of the employer.

An employer may opt out of paying **statutory sick**

pay if OSP is at least as generous. Otherwise OSP is an additional payment. OSP is subject to income tax (under PAYE) and national insurance on the same basis as normal pay.

occupational split

Factor considered in a **group insurance** policy.

It analyses the workforce into general categories, such as 70% manual workers and 30% clerical workers. This is used to calculate the premium payable.

occupation income

The income tax provisions on the sale of such income are set out in Income Tax Act 2007 from s773.

occupation order

Any one of several orders that may be made under Family Law Act 1966 in respect of who may live in a matrimonial home.

occupation restriction

In the context of the VAT exemption for land on a seasonal caravan site for employees "means any covenant, statutory planning consent or similar permission, the terms of which prevent the person to whom the pitch is provided from occupying it by living in a caravan at all times throughout the period for which the pitch is provided"
(Value Added Tax 1994 Sch 9 Group 1 Note (14A) as inserted by Value Added Tax (Land Exemption Order) SI 2012 No 58 with effect from 1 March 2012).

occupier

A person who occupies a building but who may not own it. So a tenant is an occupier.

For Customs purposes, the term is used more restrictively to mean a manufacturer who occupies a registered factory or store.

For bonded premises, the term "includes any person who has given security to the Crown in respect of those premises" (Customs and Excise Management Act 1979 s1(1)).

occupier's liability

Liability an occupier has for those who suffer injury while on the premises. The liability arises from various laws including Occupiers' Liability Acts of 1957 and 1984.

OCD

Officers' Career Development (in armed forces).

ochlocracy	Mob rule.
o'clock	Definiton of time for half a day in units of one hour.
OCNS	Office of Civil Nuclear Safety.
OCO	One cancels other.
OCR	Optical character recognition, or optical character reading.
OCT	Overseas countries and territories.
octane	Method of measuring the anti-knocking content of petrol. The term comes from the name of the organic material used for the test.
octennial	Occurring every eight years.
octillion	One thousand raised to the ninth power; 1 followed by 27 zeros.
octocentenary	Eight hundredth anniversary.
octodecimo	Old page size formed from 18 sides from a single sheet of paper.
octonary	Based on the number eight.
OD	Overdrawn or overdraft. The abbreviation is sometimes shown as O/D.
ODA	Official development assistance.
odd lot	In investment, block of securities that is greater or lesser than the normal trading unit. The consequence may be that the price is different.
odd number	Integer that is not wholly divisible by 2, such as 1, 3, 5, 7 etc.
odometer	Device that records the mileage of a vehicle.

odor lucri	Latin: sweets of gain. This means the joy of making money.
ODPM	Office of the Deputy Prime Minister. This was a UK Government department, now abolished, formerly part of the Department for Transport Local Government and the Regions (DTLR).
ODS	Ozone depleting substances.
OECD	Organisation for Economic Co-operation and Development, founded in 1961. It succeeded the Organisation for European Economic Co-operation (OEEC) established in 1948 to avoid the mistakes that led to war. Since 9 December 2010 it has 34 member states. The UK is a founder member. According to its website, "the mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world. "The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. We work with governments to understand what drives economic, social and environmental change. We measure productivity and global flows of trade and investment. We analyse and compare data to predict future trends. We set international standards on all sorts of things, from the safety of chemicals and nuclear power plants to the quality of cucumbers. "We look, too, at issues that directly affect the lives of ordinary people, like how much they pay in taxes and social security, and how much leisure time they can take. We compare how different countries' school systems are readying their young people for modern life, and how different countries' pension systems will look after their citizens in old age." (OECD website)
OECD Global Forum	World's largest international tax agency. It assesses countries for tax transparency.
OEEC	Organisation of European Economic Co-operation. This body was formed in 1948. It changed its name

to **OECD** in 1961 when non-European countries were admitted.

OEIC

Pronounced as "oiks", this stands for **Open-Ended Investment Companies**.

Although not dissimilar to unit trusts and investment trusts, an OEIC is basically a company which can be self-contained or it can form an "umbrella" over a range of individual funds (sometimes referred to as sub-funds). Instead of units, an OEIC issues shares and these can be of different classes - for example, for income accumulation, for income distribution, or classes where income is paid gross or net of lower-rate income tax.

OEIC Regulations

Open-Ended Investment Companies (Tax) Regulations SI 1997 No 1154.

oersted

Unit of magnetic field strength.

OFCOM

Office of Communications.

of course

In law, means a step where the court has no discretion but to grant what is applied for.

OFEX

Independent stock exchange established in 1995.

offal

For VAT, offal sold for human consumption or for use in animal feeds is zero-rated. Most other offal is standard-rated. Full details are given in VAT notice 701/15.

off-balance sheet

Accounting transactions which are kept outside the published accounts.

off-balance-sheet finance

An arrangement to keep matching assets and liabilities away from the entity's balance sheet.

offence

Action, or omission to act, that is contrary to the law.

"A crime or illegal act" (website of Crown Prosecution Service).

offender

"A person who has admitted his or her guilt to a police officer or other investigator or prosecutor, or who has been found guilty in a court of law" (website of the Crown Prosecution Service).

In Scots law, the term also means a person who has forfeited the right to inherit property (Succession (Scotland) Act 2016 s12).

offensive weapon

It is an offence to import such a weapon under Restriction of Offensive Weapons Act 1959 and Criminal Justice Act 1988.

It is an offence to have such a weapon in a **public place**, for which purpose the term “means any article made or adapted for use for causing injury to the person, or intended by the person having it with him for such use by him or by some other person” (Prevention of Crime Act 1953 s1(4)).

The latter Act provides a list and description of such weapons at s141. There are exceptions for antique weapons.

offer

(1) In law, a preliminary step in the process of making a **contract**.

The contract is made when there is **acceptance** of the offer. A price ticket or advertisement is an **invitation to treat**, and does not comprise an offer.

(2) In investment, an indication that a seller is willing to sell shares or other securities at a stated price.

offer document

Formal document in which a company offers to buy shares held by another, usually as part of a takeover bid.

Such a document must be in accordance with rules as set out in Companies Act 2006 from s962 and the **Takeovers Directive**.

The term “offer document” is defined in Companies Act 2006 s953(9) as being a document that complies with Article 6.2 of the Directive.

offer document rules

“Rules designated as rules that give effect to Article 6.3 of that [Takeovers] Directive” (Companies Act 2006 s953(9)).

offer for sale

A company making a general offer of its shares to the public.

offer-only warrant

In investment, a warrant that the holder cannot sell back to the issuer.

offer period	<p>Period in which an offer applies, particularly to buy shares at a price above market value to secure a takeover.</p> <p>The term is defined in Companies Act 2006 s971(1) by reference to Article 7.1 of the Takeover Directive.</p>
offer price	<p>Price at which a broker is prepared to sell shares. It is above his bid price at which he will buy.</p>
offering	<p>Statement that a person is willing to sell something, usually for a stated price.</p> <p>For apprenticeships, the term "in relation to any course or training, includes offering or marketing it to the public generally or to any section of the public" (Apprenticeships, Skills, Children and Learning Act 2009 sA11(9) as inserted by Enterprise Act 2016 s25).</p>
offering circular	<p>Document which provides information about a company whose shares are being offered for sale for the first time.</p>
offeror	<p>Person who makes an offer.</p>
offertory	<p>Collection of money in a church.</p>
offer to the public	<p>An offer of shares or other securities for purchase by members of the public (Companies Act 2006 s756).</p> <p>This is subject to many legal restrictions. In general, such an offer must be by a public company and in accordance with a prospectus.</p>
Office	<p>Widely used suite of business programs provided by Microsoft.</p>
office	<p>(1) Position held by someone, such as auditor or councillor.</p> <p>(2) Place where paperwork is done.</p>
office attire	<p>Part of the dress code which is concerned with how people appear in the office.</p>
office copy	<p>Copy made by an officer appointed for such a person. The copy is sealed or signed by that officer and is admissible as evidence.</p>

Office Européen des Brevets French: **European Patent Office.**

Office for Budget Responsibility (OBR)

Body established by Budget Responsibility and National Audit Act s3 and Sch 1. Its duty is “to examine and report on the sustainability of the public finances” (ibid s4).

Office for Legal Complaints (OLC)

Body corporate established by Legal Services Act 2007 s114.

Office for National Statistics (ONS)

Government agency which produced statistics until replaced by the **Statistics Board.**

office holder

Person who holds an office. There are corporation tax provisions in Corporation Tax Act 2009 s969.

office hours

Hours when an office is either open to the public or may be contacted by telephone.

office job

Employment in an **office**, or similar clerical work.

Office of Budget and Delivery (OBD)

American government department. The government of 2003 proposed (but abandoned) a plan to create such an office in the UK under project **Teddy Bear.**

Office of Budget Responsibility (OBR)

Organisation established in 2010 to provide independent advice on tax policy. Its first statement was published on 14 June 2010, eight days before its first Budget.

Office of Civil Nuclear Security (OCNS)

Part of the Health and Safety Executive.

One of its functions is to regulate the import of nuclear material.

Office of Communications (OFCOM)

Body established by Communications Act 2003 s1 to further the interests of consumers in regard to communications matters, such as radio, television and telephone services.

- Office Of Exit** Normally the last customs office before the goods leave the customs territory of the European Union.
- Office Of Export** The customs office where the export declaration is lodged.
- Office of Fair Trading (OFT)** Government department which protects customers from unfair or illegal business practices. It is now part of the Competition and Markets Authority.
- Office of Management and Budget (OMB)**
In USA, a government department which prepares the Federal budget.
- Office of Thrift Supervision (OTS)**
In USA, a government department which regulates the Savings and Loan Association.
- officer**
- Business*
Person who works for an organisation, such as an ordinary employee. The term is widely used in government and local authorities.
For Companies Acts, the term "in relation to a body corporate, includes a director, manager or secretary" (Companies Act 2006 s1173(1)).
- Military*
A member of the armed forces or police. For the former, the term "includes a midshipman" (Armed Forces Act 2006 s374).
- Officers of Revenue and Customs**
Official term for tax officers appointed by the Commissioners for Her Majesty's Revenue and Customs (Commissioners for Revenue and Customs Act 2005 s2).
- Offices En Route**
Frontier offices through which a **Transports Internationaux Routiers** movement passes on the journey to its destination. At each of these offices the container or vehicle and TIR Carnet must be presented to Customs.
- Offices Of Departure/Destination**
Approved Customs offices where a **Transports**

	<p>Internationaux Routiers movement officially begins or ends. This may be at an Inland Clearance Depot, port or airport.</p>
office spouse	<p>Colloquialism for a colleague with whom one has a close relationship, though usually a non-romantic one.</p>
official	<p>Confirmed or approved by a government body, or other organisation which has similar standing.</p>
official agent	<p>“Means a person who is not a consul... but is employed on the staff of — (a) a consulate, or (b) an official department or agency of a foreign state” (Income Tax (Earnings And Pensions) Act 2003 s301(5)).</p>
official books of account	<p>Records of an organisation which it must legally keep.</p>
official computer system	<p>“Means a computer system maintained by or on behalf of the Board of Inland Revenue or an officer of the Board” (PAYE regulations SI 2003 No 2682 reg 189).</p>
official custodian	<p>Officer whose function is to act as trustee for charities in circumstances prescribed by Charities Act 2011 s21. The custodian is appointed by the Charity Commission.</p>
official development assistance (ODA)	<p>Target of overseas aid to be provided by the UK government. This is set at 0.7% of gross national income under Development (Official Development Assistance Target) Act 2015 s1(1).</p>
official exchange rate	<p>When a country dictates the rate at which its currency may be exchanged. Typically this is used for a blocked currency where the official exchange rate is higher than is otherwise justified. In effect, the government is imposing a penalty on outsiders who wish to trade with it.</p>
official industrial action	<p>Action which is taken after the statutory requirements of Trade Union and Labour Relations (Consolidation) Act 1992 have been followed.</p>

official liquidator	Liquidator appointed by a government department when no such appointment is made by the members or creditors (Insolvency Act 1986 s136).
Official List	Daily publication of the London Stock Exchange recording the highest and lowest prices recorded that day for each share and other security.
Official Monster Raving Loony Party (OMRLP)	Political party formed in 1983, from groups going back to 1963. Although formed to satirise politics, it has had political influence in the UK. It won its first seat in 1987 on Ashburton Town Council, Devon. The Social Democratic Party finally conceded defeat when beaten by OMRLP in the Bootle by-election of May 1990. At least two of their policies, all-day pub opening and pet passports, have become law.
Official Property Holder	Person appointed under Audit, Investigations and Community Enterprise) Act 2004 s29 to hold property belonging to a community interest company under the terms of Sch 5 of the Act. The office is a corporation sole.
official rate of interest	<p>Rate periodically announced by the Treasury and used to determine the value of employment-related loans and accommodation provided to employees to the extent that they comprise a taxable benefit in kind. The relevant law is Income Tax (Earnings And Pensions) Act 2003 s181.</p> <p>Before 6 April 1991, the official rate was the base rate plus 1 percentage point. This was replaced by the present system which simply decrees a rate in line with mortgage rates. In October 1995, the official rate reduced even though there was no reduction in the base rate.</p> <p>From 6 April 1994, the Treasury may stipulate a lower rate if the loan is made in a foreign currency. Such orders have been made for the Japanese yen and Swiss franc.</p>
Official Receiver	Government officer who deals with a person who has become bankrupt (Insolvency Act 1986 ss399-401).
official return	Report that a person or business submits to a government body or other authority.

official secrets	Material that the government has declared as confidential, and for which disclosure is a criminal offence.
Official Solicitor	Person who is appointed to act as solicitor before the courts under various enactments, particularly Supreme Court Act 1981 s90.
official statistics	Statistics produced by the Statistics Board or by another government or government-appointed body (Statistics and Registration Service Act 2007 s6).
off-line	For Customs purposes, the onward carriage of a through inter-airport removal or a through transit, by a carrier who is not the inward carrier of the goods.
off-market purchase	<p>In company law, term used for when a company buys shares in itself other than from a recognised stock market.</p> <p>Generally this is prohibited under Companies Act 2006 s694.</p>
off-plan purchase	<p>Purchase of a building on the basis of plans, when the building work is not completed (or may not even have started).</p> <p>The implications for annual tax on enveloped dwellings are given in Finance Act 2013 s113.</p>
off-season letting	Letting of holiday accommodation outside the normal holiday season. The VAT position for such a letting of a caravan is explained in VAT leaflet 701/20.
offset	<p>When an asset and liability are netted off to show a single figure as an asset or liability.</p> <p>FRS 5 para 29 states that two items should not be offset where they represent separate transactions. For example if A both sells £10,000 of goods to B and buys £4,000 of goods from B, these transactions should be respectively included in debtors and creditors for these amounts, and not just as one debtor for £6,000.</p> <p>An exception may be made when the reality is that the items will be netted off. This requires three conditions to be met:</p> <p>(a) the amounts are quantified, and either in</p>

the same currency or in freely convertible currencies;
(b) the reporting entity has the right to insist on a net settlement; and
(c) the right to insist on a net settlement is beyond doubt.

offset account

Bank account where savings and borrowings are netted off.

If such an account is used by a business, tax relief is given on the net amount of interest paid (Inspector's Manual at BIM45695).

offset method

Method set out in accounting standard SSAP20 regarding **foreign exchange**. The tax implications are discussed in the Inspectors' Manual at BIM39522.

offshore

Based in another country, particularly referred to locations which have a more lax tax regime.

offshore company

Company established in another country, particularly one where there is little supervision and low tax rates.

offshore declaration of trust

Old scheme that sought to avoid stamp duty by executing a deed overseas and then transferring title in the UK for a nominal sum. The scheme failed in *Parinv (Hatfield) Ltd v IRC [1996]*.

offshore finance subsidiary

Subsidiary created in another country to handle its finances under a benign regime, usually with less regulation and lower taxes.

offshore financial centre

Country or region which has laws designed to attract financial business.

offshore funds

Collective investment funds that are based overseas, often in 'tax havens' or other locations with particular tax advantages.

Offshore Funds (Tax) Regulations

Name of SI 2009 No 3001.

offshore infrastructure

Term used in Capital Allowances Act 2001 s161A in relation to capital allowances for oil platforms and similar.

offshore installation	<p>Oilrig or similar. A full definition is in Income Tax Act 2007 s1001.</p> <p>Travel expenses from the UK mainland to such an installation is exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s305.</p> <p>For an employee to claim the seafarer's earnings deduction (SED), it is necessary that the seafarer does not work on an offshore installation.</p>
offshore licence	<p>"Means a petroleum licence which confers on the holder of that licence rights in respect of offshore waters" (Energy Act 2016 s18(1)).</p>
offshore licensee	<p>"Means a person holding an offshore licence" (Energy Act 2016 s18(1)).</p>
offshore rigger	<p>Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 50.</p>
offshore transfer	<p>In relation to the remittance basis, this means a transfer from a mixed fund, as defined in Income Tax Act 2007 s809R(5).</p>
offshore waters	<p>"Means —</p> <ul style="list-style-type: none">(a) the waters comprising the territorial sea of the United Kingdom, and(b) the sea in any areas for the time being designated under section 1(7) of the Continental Shelf Act 1964" <p>(Energy Act 2016 s18(1)).</p>
off-shoring	<p>Practice of relocating a business function overseas, usually to avoid having to comply with UK laws and regulations.</p>
off the cuff	<p>Description of action or speech which is unprepared.</p>
off-the-job training	<p>Training provided to employees other than at their place of work.</p>
off the record	<p>Agreement between a journalist or other person that comments made may not be quoted by the journalist nor may the source may be identified. It is the opposite of an</p>

on the record conversation.

There is also a halfway house of **non-attributable** conversation or **Chatham House Rules** that allows the information to be published, but the source not identified.

off the run issue	Securities that are not, or are no longer, regarded as benchmark stocks. They tend to trade with wider spreads than benchmark stocks.
OGA	Oil and Gas Authority.
Ofgem	Office of Gas and Electricity Markets.
OFMDFM	Office of the First Minister and deputy First Minister, in Northern Ireland Assembly.
OFSTED	Office for Standards in Education
OFT	Office of Fair Trading.
OG	Original gravity , of beer. Customs notice 226 explains how this may be used to calculate the alcoholic strength for beer duty.
OGA	Oil and Gas Authority.
OGDs	Other government departments, abbreviation used in Customs literature.
Ohlin Report	Report published in 1956 by Bertil Ohlin for the International Labour Organization regarding labour policy in what became the European Union. His theory was that high wage countries need no protection from low wage countries as the difference between wage rates is reflected in productivity which in turn is reflected in exchange rates.
ohm	Unit of electrical resistance.
OI	Other interest, term used for making returns of interest paid.

OIE	Overnight incidental expenditure.
oil	<p><i>General</i></p> <p>Term applied to particular liquids according to different criteria.</p> <p>For purposes of excise duty, oils are hydrocarbons which are subject to excise duty on hydrocarbon oil.</p> <p>Oil may also be subject to petroleum revenue tax.</p> <p><i>Value added tax</i></p> <p>For VAT, oil that is used as road fuel, lubricant, massage, treating wood and similar purposes is standard-rated. Most vegetable oils and cooking oil is zero-rated as food, as explained in VAT notice 701/14. Waste cooking oil for recycling is standard-rated.</p> <p>Oil that is supplied as road fuel is always standard-rated.</p> <p>Oil for residential heating is generally reduced-rated under Value Added Tax Act 1994 Sch 7A Group 1, but otherwise standard-rated. Details are given in VAT notice 701/19. HMRC accepts that a supply of up to 2,300 litres is for domestic use.</p> <p><i>Corporation tax</i></p> <p>For corporation tax on oil companies, the word “means any substance capable of being won under the authority of a licence granted under Part 1 of the Petroleum Act 1998 or the Petroleum (Production) Act (Northern Ireland) 1964... other than methane gas won in the course of operations for making and keeping mines safe” (Corporation Tax Act 2010 s278 and Income Tax (Trading and Other Income) Act 2005 s225E).</p>
Oil Act	“Hydrocarbon Oil Duties Act 1979” (Hydrocarbon Oil (Industrial Reliefs) Regulations SI 2002 No 1471 reg 3).
oil activities	Trading activities whose taxation is set out in Income Tax (Trading and Other Income) Act 2005 from s225ZH.
Oil and Gas Authority (OGA)	<p>Body formed from 1 April 2015 by the Department of Energy and Climate Change to regulate the oil and gas industry.</p> <p>It was formed as Oil and Gas Authority Ltd but was renamed, without the Ltd, under Energy Act 2016 s1(1).</p> <p>OGA may impose levies on petrol and gas licence</p>

holders under Energy Act 2016 s13.

oil extraction This is treated as a separate trade from other commercial activities (Income Tax (Trading And Other Income) Act 2005s16).

oil extraction activities For corporation tax, this term is defined in Corporation Tax Act 2010 s272. For income tax, it is defined in Income Tax (Trading and Other Income) Act 2005 s225A.

oil field licensee In relation to PAYE for UKCS workers, "means the holder of a licence under Part 1 of the Petroleum Act 1998 in respect of the area in which the duties of the continental shelf worker's employment is performed" (PAYE regulations SI 2003 No 2682 ref 84D).

oil licence Licence to drill for oil.
Such a licence cannot give rise to **rollover relief** (Taxation of Capital Gains Act 1992 s193).
A licence is excluded from the degrouping charge (Corporation Tax Act 2009 s809).
From 29 March 2011, this term includes goodwill and any related intangible asset (Corporation Tax Act 2009 s809(1A)).

oil licence swaps Corporation tax provisions are set out in Taxation of Capital Gains Act 1992 s195A.

oil production sharing contract Contract between an oil company and a country (or its representative) where oil is or may be produced.
There are some special capital allowance provisions for such contracts as set out in Capital Allowances Act 2001 from s167.

oil-related activities For corporation tax, the term "means —
(a) **oil extraction activities**, and
(b) any activities consisting of the acquisition, enjoyment or exploitation of **oil rights**" (Corporation Tax Act 2010 s274).

oilrig An oilrig or similar installation qualifies for capital allowances as **plant and machinery**. From 7 August 2000, this includes the cost of preparing the oilrig for use. The

relevant provisions are Capital Allowances Act 2001 ss163-164.

Transport of workers from the UK mainland to an oilrig is exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s305.

oil rights

For corporation tax, the term “means —

(a) rights to oil to be extracted at any place in the United Kingdom or a designated area, or

(b) rights to interests in or to the benefit of such oil”

(Corporation Tax Act 2010 s273).

The same definition is used in Income Tax (Trading and Other Income) Act 2005 s225B.

oil residues

“Any waste consisting of, or arising from, oil or a mixture containing oil” (Prevention of Pollution Act 1971 s29(1)).

OIML

Organisation of Legal Metrology.

Oireachtas

Legislature of the Irish Republic.

OI Return

Other Interest Return. Before 2014, it was known as a Type 18 return.

OJEC

Official Journal of the European Communities.

This is the gazette of record of the European Union (EU). The definitive text of all EU legislation is published in the OJEC.

OJEU

Official Journal of the European Union.

OLC

Office for Legal Complaints.

old accessory

In the context of taxing company cars, an existing part of a car which is replaced by a **new accessory**.

old age pension

Common name for **state retirement pension**.

old age pensioner (OAP)

Person in receipt of a **state retirement pension**.

old annuity contract

In relation to taxation of annuity business, “means a general annuity contract made by an insurance company in an accounting period beginning before 1st January 1992

(including one forming part of the business transferred to another insurance company by an insurance business transfer scheme)" (Finance Act 2001 Sch 7 para 16(7)).

old arrangements	Term used in SI 2010 No 429 in relation to a transfer of tax-advantaged pension benefits.
old asset	Asset that is realised for the purpose of reinvestment (Corporation Tax Act 2009 s754(2)).
Old Bailey	Popular name for the Central Criminal Court in London.
old Bill	Slang for police.
old bond	Another name for a busted bond .
old boy	Former (male) pupil.
old boys' network	Arrangement whereby friends provide benefits to each other in a non-open manner.
Old Cases payments	For social security and national insurance, means "payments under Part I or Part 11 of Schedule 8 to this Act" (Social Security Contributions and Benefits Act 1992 s122(1)). These relate to employment before 5 July 1948.
Oldco	Term often used in tax cases to describe an old company that has a similar name to a new company (called newco) such as in a case concerning a takeover or restructuring.
old code scheme	Superannuation fund approved before 1970 which has not been re-approved under later pension scheme legislation. Such schemes retain their tax advantages, provided no further contributions have been made since 5 April 1980. The matter is discussed in the Inspectors' Manual at RPSM 02100020.
old contract costs	In relation to fair value accounting for life insurance contracts, the term is defined in Corporation Tax Act 2009 s568(2).
old dwelling	Dwelling from which a new dwelling is created. The implications for annual tax on enveloped

dwellings are given in Finance Act 2013 s125.

old economy Businesses that engage in long-established activities, such as building and manufacturing rather than electronics or telecoms.

old economy stocks Shares or other securities on **old economy** businesses.

Old Lady of Threadneedle Street

Poetic description of the **Bank of England**.

The term dates back to a ballad of 1797, but may have been current before then.

old land

Land given up in a **compulsory acquisition**.

The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s247.

old NAO

Term used in Budget Responsibility and National Audit Act 2011 Sch 4 to refer to the National Audit Office established under National Audit Act 1983 before the 2011 Act came into force.

old pence

Term used to describe pence before the adoption of **decimal currency** in 1971. There were 12 old pence to the shilling, and 20 shillings to the pound, so there were 240 old pence to the pound. Under decimal currency there are 100 new pence to the pound, so 1 new penny equals 2.4 old pennies.

The term "new pence" was officially dropped from coins in 1982.

old period

In relation to an anti-avoidance provision for capital allowances, this term is specifically defined in Capital Allowances Act 2001 s212N(3).

old Scottish term days

Before 13 June 1991, the four **term days** that correspond to English **quarter days**.

They were Candlemas (2 February), Whitsunday (15 May), Lammas (1 August), and Martinmas (11 November).

old shares

Term used in tax law and elsewhere in the connection of a company **reconstruction**. It means the shares which are replaced by **new shares**.

old state pension	Category A or B retirement pension payable by the state before 6 April 2016 (Pensions Act 2014 s21).
old vehicles exemption	Exemption from vehicle excise duty (road tax) for old vehicles (Vehicle Excise and Registration Act 1994 Sch 2). From 1 April 2016, the exemption applies to vehicles constructed before 1 January 1976.
oligarchy	Government by a small group or class of people.
oligopoly	Control similar to monopoly but exercised by a family or a small group of people.
oligopsony	When a small number of people control the demand or market for a product or service.
Olin v Scorer	Name of a leading tax case whose full citation is <i>Olin Energy Systems Ltd v Scorer [1982] Ch D, 58 TC 592</i> . The case held that interest is allowable only if used for the trade for which the loan was taken out. This case is discussed in the Inspector's Manual at BIM45665. <i>[Because of the appeals, this case is sometimes quoted with the parties reversed.]</i>
olive branch	Offer of a peace settlement.
Olympic Delivery Authority	Body corporate established under London Olympic Games and Paralympic Games Act 2006 s3 to provide infrastructure and other facilities for the London Olympics of 2012.
Olympic Games	International sports contest held every four years. The games were held in ancient Greece. They were revived in 1896. There are special tax provisions for participants in the Games held in London in 2012.
Olympic Lottery	Lottery which raises funds for the Olympic Games in London in 2012 (Horserace Betting and Olympic Lottery Act 2004 s21).
Olympic Lottery Distribution Fund	Government controlled fund established by Horserace

	Betting and Olympic Lottery Act 2004 s23.
Olympic Lottery Distributor	Body corporate established under Horserace Betting and Olympic Lottery Act 2004 s29.
Olympic swimming pool	Unofficial measure of volume. An Olympic pool is 50 metres (164 feet) long, 25 metres (82 feet) wide, with a minimum depth of 2 metres (6 ft 7 in) and a capacity of 2,500 cubic metres (88,000 cubic feet).
O & M	Organisation and management.
Oman	Arab state. Its currency is the Omani rial of 1,000 biasas. The UK has a double taxation convention of 1998 as amended by a protocol of 2009.
OMB	Office of Management and Board , US government department.
ombudsman	An independent official to whom grievances can be aired, free of charge. Ombudsman is a Swedish word meaning citizen's representative. The Insurance Ombudsman Bureau aims to increase confidence in Insurance by offering an independent resource for resolving disputes between insurance companies and their customers.
Ombudsman for the Board of the Pension Protection Fund	Commissioner appointed under Pensions Act 2004 s209 to perform the task of the job title.
ombudsman scheme	Scheme which the Office for Legal Complaints must operate (Legal Services Act 2007 s115).
omega	(1) Last letter of the Greek alphabet, indicated by the symbols Ω and ω . It is used in classical Greek to denote 800. It is also used as the symbol for ohms . (2) In investment, the currency risk attached to an options deal made in a different currency.
omer	Old Hebrew dry measure equal to one tenth of an ephah, about $2\frac{1}{4}$ litres.
omicron	Fifteenth letter of the Greek alphabet, indicated by the symbols O and o. It is used in classical Greek to denote

700.

- omission** Leaving out something or failing to do something which should be done. In law the word **action** usually includes an omission in failing to act.
- omission to exercise a right** When there is a **diminution in value** of an estate because of something a person did *not* do, such as exercising an **option**. This is regarded as a **disposition** for inheritance tax purposes, and could lead to tax becoming payable if another person's estate is increased in value.
This is a rare example of when an increase in someone else's estate determines whether inheritance tax is payable. The increase of the other estate does not have to be for the same amount as the loss in the first estate.
Other examples of such an omission may include failure to collect a debt, not voting at a company meeting, not exercising certain rights as a landlord, not to pursue other rights and not taking up a rights issue or bonus issue of shares.
- omne quod inaedificatur solo cedit**
Latin: everything which is built into the soil is merged therein.
- omnes licentiam habent his, quae pro se indulta sunt, renunciare**
Latin: everyone has liberty to renounce those things which are granted for his benefit.
- omne testamentum morte consummatum est**
Latin: every will is completed by death.
This notes the **ambulatory** nature of a will which may be changed at any time until the testator's death.
- omnia praesumuntur contra spoliatorem**
Latin: all things are presumed against a wrongdoer.
- omnia praeumuntur legitime facta donec probetur in contrarium**
Latin: all things are presumed to have been legitimately done, until the contrary is proved.
- omnia praesumuntur rite et solemniter esse acta**
Latin: all acts are presumed to have been done rightly and

regularly.

omnibus

Latin: for all.

The term is commonly used to mean a public vehicle, usually abbreviated to **bus**. It also means a collection, such as of books or episodes in a television programme.

omnibus account

American term for an account carried by the Futures Commission Merchant with another. The transactions of two or more individual accounts are combined in this account. The identities of those individuals is not disclosed. A brokerage firm may have an omnibus account to cover all its clients with its clearing firm.

omnibus bill

Term for a parliamentary bill that deals with many different subjects.

omnibus box

Box at a theatre paid for by different parties, each of whom thus acquires defined rights of usage.

omnium

Latin: of all.

The term has been used for the assignment of all securities in a government loan.

OMR

ISO code for Omani rial.

OMRLP

Official Monster Raving Loony Party.

OMS

Other Member State, of the European Union (EU).

Omsaetningafgift

Danish: value added tax.

Omzetbelasting (OB)

Dutch: value added tax.

O/N

Abbreviation used in investment to mean overnight.

on account

(1) Description of a payment to reduce a debt or the principal of a loan.
(2) Description of a trading relationship where the customer pays some days after receiving the goods or services.

on all fours	Legal expression referring to a situation which is strictly analogous to another. It has been used by HMRC such as in describing the extent to which a previous decision binds them in the future.
on approval	Goods delivered to a potential customer who may examine them and either buy them or return them.
on-balance volume indicator	In investment, a technical analysis term based on the volume of shares traded compared with movements in price.
on call	Description of situation where an employee is required to be available for work should a need arise. This is common in the emergency services and caring industries. This usually attracts a fee in addition to payment for any work actually done.
on call commuting	When an employee has an emergency vehicle which is used for commuting from home to a place of work solely so that the employee and vehicle can be available to deal with a sudden emergency. This is one of the two conditions which allows such a vehicle not to be regarded as a taxable company car of the employee. The alternative condition is that the employee was on call when using the vehicle (HMRC leaflet 480).
on consignment	Goods imported for post importation sale in the European Union (EU) where the value of the sale is not known at the time of importation.
on-costs	Additional costs of producing an item, particularly fixed costs of production.
on demand	Description of funds which can be provided immediately on request, such as in a current account at a bank.
one-armed bandit	Colloquialism for a fruit machine .
one cancels other (OCO)	In investment, a qualifier when multiple orders to buy or sell are placed on condition that the execution of one order cancels another or others.

One Click	Process that allows a business to register at Companies House, and for PAYE, corporation tax and self-assessment in a single operation. The facility is available from April 2012.
one-fortieth tax	Tax imposed from around 1200 to 1204 by King John of one fortieth of rents to fund the defence of the Holy Land.
one knows when one sees it	Aphorism encapsulating the elephant test .
one-night stand	A single performance by a touring company. By extension, the term has come to mean any other single occurrence.
one-off expenses	Unique expenses. These are usually allowed for in a budget by a contingency .
One Parent Families	Name of a charity between 2007 and 2009 that is now part of Gingerbread .
onerous contract	Current accounting standards define this as “a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it” (FRS 102 glossary). Previous accounting standards defined it as a “contract in which the unavoidable costs of meeting its obligations exceed the economic benefits to be received from the contract” (FRS 12). A liquidator has the right to disclaim an onerous contract, such as a hire purchase agreement at a high charge.
onerous property	Property of an insolvent person subject to such restrictions that the trustee in insolvency may disclaim them rather than realise them. A common example is where the insolvent person is leasing goods at a high interest rate.
one-stop shop	Any government facility which aims to provide a service telling someone from a single source all they need to know. The term is particularly applied to an EU initiative for all member states to provide such a facility by 1

January 2015. This would allow a business to register in one EU state and provide telecommunications services in all states without further registration. Details were announced in a European Commission press release on 13 January 2012.

one-way exchange effect

Term used in relation to **exchange gains and losses** and **derivatives**.

Corporation tax provisions are given in Corporation Tax Act 2009 s328A, where the term is defined.

In relation to financial derivatives, provisions are given in Corporation Tax Act 2009 s606A.

one-year money

Investment where money is invested for one year.

ongoing actuarial valuation

Valuation of a pension scheme that assumes that:

- the scheme will continue in existence;
- new members will be admitted, and
- earnings will increase

(SSAP 24).

ongoing compliance obligations

Duties of a taxpayer to be honest in declaring taxable income after previous frauds have been addressed under the **Contractual Disclosure Facility (CDF)**.

Having concluded the civil investigation into a tax fraud, HMRC will usually arrange a subsequent check to ensure that the taxpayer's affairs are now being dealt with honestly.

Further details of these obligations are set out in code of practice COP 9 as issued on 19 January 2012.

on-lending

Lending money with the lender has borrowed.

on-line

(1) For Customs, the onward carriage of a through inter-airport removal or a through transit by the inward carrier of the goods.

(2) In computing, Under the control of the computer or connected to another computer.

on-line accounting

Service whereby businesses can enter data on a website that produces accounts for them automatically.

online Services HMRC provides a range of electronic services for traders and other users who need to interact with the department, or the processes that the department manage. These can be accessed via a variety of routes, or 'Channels'.

Online Tax Registration Service (OTRS)

Facility set up in April 2012 that allows a business to register once on-line for all the major business taxes.

From April 2013, this is the default method for so registering. It will also then include registering for class 2 national insurance.

onomastic Pertaining to a name or signature.

on or after Tautology widely used in legislation.
"On or after 1 January 2015" means "from 1 January 2015" or "after 31 December 2014".

on or before Term used for **real time information** when operating PAYE.
The expression means that an employer must notify HMRC on or before the employee is paid. For a micro-business with nine or fewer employees, this requirement is relaxed until 5 April 2016. Such an employer may report paying an employee by the last pay day in the tax month.
For casual workers, such as those engaged by a farm to bring in the harvest, there is a separate relaxation where payments must be notified no later than a week after payment.

onshore allowance Allowance on capital expenditure for extracting shale gas.
The allowance has effect from 5 December 2013. It exempts 75% of capital expenditure from the corporation tax supplementary charge on ring-fence profits.
Provisions are given in Corporation Tax Act 2010 from s356C.

onshore oil-related activities In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 from s356B.

onshore wind closure date "Means the date on which the Energy Act 2016 is passed" (Electricity At 1989 s32LC as inserted by Energy Act 2016

s79(3)).

onshore wind generating station

“Means a generating station that —
(a) generates electricity from wind, and
(b) is situated in England, Wales or Scotland,
but not in waters in or adjacent to England, Wales or
Scotland up to the seaward limits of the territorial sea”
(Electricity Act 1968 s32LC(3) as inserted by Energy Act
2016 s79).

on similar terms

This expression is defined in Income Tax (Earnings And
Pensions) Act 2003 s546 in relation to **priority share
allocations** to employees.

on the cross

Colloquialism for something obtained dishonestly.

on the finger

American colloquialism for money given on credit.

on-the-job training

When an employee is provided with training at the
workplace.

on the market

In Scotland, a property is so described “when the fact that
is or may become available for sale is, with a view to
marketing the house, made public in Scotland by or on
behalf of the seller” (Housing (Scotland) Act 2006
s119(2)).

on the nail

In relation to payment, immediately.
The nail was a vessel into which, or a pillar on
which, the money was placed. Such nails can still be seen
outside the Corn Exchange buildings in Bristol.

on the nod

(1) Form of approval without formality.
(2) Description of obtaining goods on credit.

on the nose

American colloquialism for exactly on time.
The term originated from the custom in
broadcasting of a producer putting his finger on his nose
to indicate that the production was running to schedule.

on the run

Hiding from justice. The term is particularly used for a
criminal hiding from capture, and for goods that have

	been smuggled.
on-the-run issue	In investment, the most recently issued security or bond, that is likely to have a greater liquidity than previous issues.
on the square	Colloquialism for something obtained honestly. [The term is also used to mean being a freemason.]
onus	Burden or responsibility, such as the duty to prove something.
onus probandi	Latin: the onus of proof.
oom	Dutch term of respect for an elderly man.
opaque	Term used by HMRC to describe transactions whose real nature is concealed from it. The term is widely used in connection with offshore funds and tax avoidance schemes.
opaquing liquid	Liquid which is used to cover text on a document. Opaquing liquids should not be used on accounting records which must always indicate what has been written and when any mistakes were corrected.
OPAS	Occupational Pensions Advisory Service, now called the Pensions Advisory Service.
OPB	Occupational Pensions Board.
op cit	The book previously cited.
OPEC	Organisation of Petroleum Exporting Countries. It was founded in 1960 by 11 states to control the supply and price of petroleum.
open account	Customer account where the supplier allows credit without taking security.
open cheque	Cheque which has no crossing and which may therefore be cashed by the holder. Open cheques are now very rare as they have little more security than cash.

open credit	Credit provided to customers without asking them for security.
open contract	Contract for property that specifies only the names of the parties, the identity of the property and the price. Certain obligations are then placed on the purchaser and seller to complete the transaction.
open door policy	Any policy which means that access is easily obtained. In human resources, the term applies to managers who are readily available to their staff.
open ended credit	Arrangement whereby someone may borrow money or acquire goods or services so that the total outstanding does not exceed a pre-agreed limit.
open ended investment company (OEIC)	<p>Collective investment scheme with wider scope than a unit trust.</p> <p>The investment portfolio belongs to the company that manages it. The idea is to give small investors the benefit of diversified investment and funds management. The investors hold shares in the company.</p> <p>OEICs are created under Financial Services Act 1986 s75(8).</p> <p>A collective investment vehicle similar to a unit trust but less restricted in where its funds may be invested.</p> <p>From 25 February 1997, OEICs are subject to these special tax advantages:</p> <ul style="list-style-type: none">• corporation tax is charged at 20% regardless of size; and• investors' gains are exempt from capital gains tax. <p>The income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 s373.</p>
open ended management company	Company that sells unit trusts and similar.
open ended questions	Questions which encourage the respondent to provide their own answers and not select an answer from a selection. Such questions may be used in market research.

open end fund	Mutual fund, unit trust, OEIC or similar collective investment vehicle that does not have a fixed amount of capital.
open field	Method of farming common at the start of the 18th century. The fields were unenclosed and divided into strips farmed by families who have several strips in different places. The system was inefficient and was slowly replaced by enclosures .
Open Government Licence	Licensing arrangement which allows users fair use of government publications, such as free downloading of Acts of Parliament from the Internet.
opening accounts	Accounts at the start of an accounting period. The figures must be the same as the closing accounts of the previous period. Accounts for profit and loss account items, such as sales and expenses, are all opened at zero.
Opening Automated Report Service (OARS)	In investment, a service that provides information about orders sent before trading formally commences that day.
opening balance	Balance on an account at the start of an accounting period. It is the same balance as at the end of the previous accounting period.
opening balance sheet	Balance sheet as at the start of the accounting period. It is the same as at the end of the previous accounting period.
opening bell	Bell that is rung to denote commencement of the day's trading on New York Stock Exchange.
opening compliance check letter	Letter sent by HMRC to a taxpayer at the start of any form of compliance check.
opening entry	In accounting, first entry made to an account.
opening market value	In relation to occupational pension schemes, this term is defined in Finance Act 2004 s185C(2).

opening price	Price of a share or similar security at the start of a day's trading.
opening sale	In investment, a transaction where the seller of an option becomes the writer.
opening stock	<p>Value of stock held by a business at the start of an accounting period. This figure should already be recorded in the nominal ledger.</p> <p>The business calculates its cost of goods sold as: cost of goods sold = opening stock + purchases – closing stock.</p> <p>The cost of goods sold is subtracted from turnover to give gross profit.</p>
open interest	In investment, the net amount of outstanding open positions, long or short, in a futures or options contract.
open item statements	<p>Statement sent to customers listing only the invoices that remain unpaid.</p> <p>This contrasts with statements that are simply a copy of the sales ledger that lists all invoices issued and payments received.</p> <p>The term has largely fallen into disuse as modern practice is always to send open item statements, something that is easily achieved with modern accounting software.</p>
open market	Market where anyone may buy and sell without restriction.
open market operations	Buying and selling of government securities on the financial markets. If the government sells large amounts of gilt-edged securities, this will mean a transfer of funds from the private sector to the government. This will happen as people buy securities and so have to write cheques or transfer money to the Bank of England who sold them. This means that the banks have less in the way of liquid funds available, and so they are unable to expand their loans as quickly. Selling gilt-edged securities is therefore considered to be a contractionary monetary policy.

open market option	<p>The rule which requires a pension provider to allow a person to obtain a pension from any company, and is not restricted to taking a pension from the company where the funds were accrued.</p> <p>The Financial Services Authority has found that companies can vary in their pension rates by as much as 25%, particularly for the less usual forms of annuity.</p>
open offer	<p>In investment, an offer made by a quoted company to its shareholders inviting them to buy new shares, usually at a lower price than current market value. It is similar in form and function to a rights issue, except that there are no rights that can be sold separately.</p>
open outcry	<p>Form of trading in securities, futures and other instruments where communication is by shouting and hand signals.</p>
open position	<p>In investment, a position that has not yet closed.</p>
open, random and supportive (ORS)	<p>Modern method of management that allows creativity at lower levels of organisations. It contrasts with closed, selective and controlling.</p>
open secret	<p>Something that is unofficially generally known.</p>
opera	<p>An opera company was held to be a non-commercial supplier of cultural services under Value Added Tax 1994 Sch 9 Group 13 Note 2(c) in the case <i>Loughborough Festival Opera. Ch D [2006] EWHC 40 (Ch)</i>.</p>
operating activities	<p>The principal revenue-producing activities of the entity and other activities that are not investing or financing activities.</p> <p>“The principal revenue-producing activities of the entity and other activities that are not investing or financial activities” (FRS 102 glossary).</p> <p>“Ordinary activities are any activities which are undertaken by a reporting entity as part of its business and such related activities in which the reporting entity engages in furtherance of, and incidental to, or arising from, those activities. Ordinary activities include any effects on the reporting entity of any event in the various</p>

environments in which it operates, including the political, regulatory, economic and geographical environments, irrespective of the frequency or unusual nature of the events" (FRS 102 section 5.10).

For statements of cash flow, "operating activities are the principal revenue-producing activities of the entity" (FRS 102 section 7.4). This goes on to list those activities that produces inflows and outflows.

operating and financial review (OFR)

Report that companies were once obliged to submit with their annual reports.

operating and financial review

Section of the annual report of many companies which explains the main features of the financial statements.

operating budget

Budget for income, costs and gross profit.

operating cash flow

Cash generated by the company's operations during an accounting period.

operating costing

Costing which is based on the costs of providing the services.

operating costs

For the definition of a **knowledge-intensive company** for enterprise investment scheme and other schemes, this term is defined in Income Tax Act 2007 s252A as inserted by Finance (No 2) Act 2015 Sch 5.

operating currency

In relation to foreign exchange transactions, this term is defined in Corporation Tax Act 2009 s606D.

operating cycle

Time it takes from purchase of raw material to sale of the finished product.

operating gearing

The ratio of fixed operating costs to variable operating costs.

operating lease

A specific type of lease under which ownership of the goods and any profits or losses remain with the company (the lessor) leasing the goods to us.

"A lease that does not transfer substantially all the risks and rewards incidental to ownership. A lease that is

	not an operating lease is a finance lease" (FRS 102 glossary).
operating leverage	Ratio of a business's fixed costs to its total costs. Fixed costs must be paid regardless of output, so fixed costs are relatively a greater burden when output is low.
operating manual	Book which shows how to use an appliance or how to do a job.
operating margin	Operating profit as a percentage of sales.
operating profit	Profit from the trading activities, before income from non-trading activities is added and overheads are subtracted. FRS 102 does not require separate disclosure of this item. If an entity chooses to disclose, the term is defined as the profit from operating activities (FRS 102 section 5.9B). The paragraph provides further information about such disclosure.
operating risk	A risk that exists where there are factors, such as a high level of fixed operating costs, which would cause profits to fluctuate through changes in operating conditions.
operating segment	"An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available" (FRS 102 glossary).
operating statement	Financial statement which shows a business's income and expenditure.
operating support	Contributions toward an organisation's day-to-day, on-going expenses, such as salaries or wages, utilities, office

supplies, etc.

operating system	The program that manages a computer's resources and performs basic tasks, e.g. recognising keyboard input, sending output to the display screen or printer, managing files and directories, controlling peripheral devices, and allocating system resources to other software programs running on the computer.
operation	Activity or piece of work.
operational allowance	Additional payment to members of the armed forces involved in certain theatres of military action. Such a payment is exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s297A.
operational budget	In management accounting, a budget relating to operational planning .
operational planning	In management accounting, the detailed plans by which the staff of an organisation are expected to meet the short-term objectives of the organisation or their part of it.
Operation Bernhard	Attempt by Nazi Germany in 1943 to destabilise the British economy by producing forged bank notes from £5 to £50. The attempt largely failed.
operation time	Period for an operation to complete its cycle.
operational budget	Budget for the operating activities of a business.
operational costs	Costs of running the trading activities of a business.
operational gearing	Situation where a business has high fixed costs, particularly when they are funded by borrowing.
operational planning	Planning how a business is to be run.
operational planning system (OPS)	Customs system which enables the capture of visit and risk data to inform risk analysis across all taxes and regimes.

operational research	Study of how a business works to see where any efficiencies can be made.
Operation Magnify	HMRC campaign launched in October 2015 against tax fraud in the construction industry.
Operation Maypole	Customs operation against carousel fraud .
operation of law	Where a legal right, duty or liability comes into being by a legal provision rather than by one of the parties exercising a right, such as under a contract.
operations review	Review of how a business works to see if it can be made more efficient.
operative condition	In relation to foreign currency matters, this term is defined in Corporation Tax Act 2009 s606G.
operative part	Part of an instrument that carries out the main object.
operator	(1) Person who operates a piece of equipment, particularly a machine or telephone switchboard. (2) For air passenger duty, "in relation to any aircraft, means the person having the management of the aircraft for the time being" (Finance Act 1994 s43(1)).
operator of a collective investment scheme	In relation to corporation tax on banks, this term is defined in Corporation Tax Act 2009 s133F(5) as inserted by Finance (No 2) Act 2015 s18.
operator of the ship	For the purposes of maritime wrecks, "means the owner of the ship or any other organization or person such as the manager, or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who, on assuming such responsibility, has agreed to take over all duties and responsibilities established under the International Safety Management Code, as amended" (Wrecks Convention article 9) .
operator removal notice	This may be issued by the Oil and Gas Authority under Energy Act 2016 s48 for non-compliance with a

	petroleum-related requirement.
opere citato (op cit)	Latin: in the work cited.
opinion status enquiry	A reference given by a bank or building society to confirm a customer has run their account responsibly.
OPLR	Occupational Pensions Law Reports, a series of law reports first published in 1992.
opportunity cost of capital	The cost of capital for the best foregone investment option. So if a person or a business has an opportunity to invest money and receive a 7% return but instead invests in a new business or project, the opportunity cost of capital is 7%.
opportunity cost	<p>The cost of <i>not</i> pursuing the next best alternative.</p> <p>This method of costing is used when there is a constraint which prevents a business pursuing all alternatives. For example, if it has only sufficient manpower to do A or B, the opportunity cost of A is the profit that would have been earned by doing B, and vice versa.</p>
opportunity pricing	Exploiting a situation by raising prices such as when goods or services are in short supply or suddenly become needed.
Opposition	In politics, the party or group which is next largest to the party or group in power.
OPR	Outward Processing Relief.
OPRA	Occupational Pensions Regulatory Authority.
OPREC	Overpayment Recovery , HMRC computer system.
OPS	(1) Occupational pension scheme (2) Operational Planning System
OPT	Outward Processing Trade
opted-in company	A company that has passed an opting-in resolution in relation to a takeover bid and where the relevant

conditions continue to apply (Companies Act 2006 s971(1)).

opted-out creditor In relation to insolvency, this term is defined in Insolvency Act 1986 s248A.

opted-out shop worker Worker in a shop or betting office who has served a **notice of objection to Sunday working** (Employment Rights Act 1996 s41).

optical character recognition (OCR)

System of stylised numbers printed in a special magnetic ink which can be read directly into a computer. Such numbers appears on cheques.

The first patent on such a system was taken out in 1929. Such equipment was developed from 1955 to read numbers on coupons. The US postal system adopted OCR in 1965.

optima est lux quae minimum relinquit arbitrio iudicis; optimus iudex qui minimum sibi
Latin: that system of law is best which confides as little as possible to the discretion of the judge; that judge the best who trusts as little as possible to himself.

optima legum interpres est consuetudo

Latin: custom is the best interpreter of law.

optimise Process which yields the best possible results, such as by the most effective application of resources.

optimum Point at which an ideal outcome is reached. The optimum tax rates, in terms of most revenue generated, is indicated by the **Laffer curve**.

optimum selling price The price at which profit or revenue will be the greatest. This is one of the few financial uses of **calculus**.

The **law of diminishing returns** states that the higher the price charged, the fewer items will be sold. The optimum selling price aims to find the price at which either profit or (occasionally) revenue will be maximised.

optimus interpres rerum usus Latin: the best interpreter of all things is usage.

opting-in resolution	Resolution which a company may pass under Companies Act 2006 s966 in relation to a takeover bid .
opting out	The decision by an employee to leave or not join an occupational pension scheme or NEST provided by his/her employer.
opting-out resolution	Resolution which a company may pass under Companies Act 2006 s966(5) to revoke an opting-in resolution .
option	<p>An agreement to buy or sell at a specific price at a specific date in the future.</p> <p>There are basically two kinds of option: a call option gives its buyer the right to buy a specified number of shares at a particular price before a specified date. The opposite of a call option is a put option, which gives the buyer the right to sell a specific number of shares at a particular price within a specified time period.</p> <p>In practice, call and put options are often not exercised; instead, investors buy and sell options before their expiration, trading on the rise and fall of premium prices.</p> <p>In relation to exchange gains and losses, the term is defined in Corporation Tax Act 2009 s328F.</p> <p>In relation to corporation tax relief on employee share schemes, the term "includes any right to acquire shares" (Corporation Tax Act 2009 s1005).</p> <p>For derivatives, the term is defined in Corporation Tax Act 2009 s606F.</p>
optional information	In relation to filing a confirmation report about a company, "means information about the company or body which, but for the regulations, the company or body would not be obliged or authorised under any enactment to deliver to the registrar" (Companies Act 2006 s1084A(2)).
option arrangements	For corporation tax, arrangements that can affect the treatment of distributions. The term is defined and discussed in Corporation Tax Act 2010 s173.
option consideration	<p>Cost of acquiring an option for its grantor to sell.</p> <p>The term used in Taxation of Capital Gains Act 1992 s145 in relation to indexation allowance in determining</p>

gain on options.

option contract Right to buy shares or other security at a fixed price in the future.

option dealing Buying and selling share options.

option mortgage Mortgages provided before 1 April 1983 for those who did not qualify for tax relief under the rules which then applied for mortgages. The borrower received a subsidy from the government to reflect the tax relief that would otherwise have been available.

option premium Price of an option, as paid by the buyer.

option price Imprecise term which usually means the **reference price** for an option, rather than the amount paid for the option.

option pricing model Mathematical model used to calculate the theoretical value of an option.

Options Clearing Corporation (OCC)

American body that clears option transactions for various exchanges.

option series Specific option as defined by its underlying security, exercise price, expiry date and type.

option to pay Principle of taxation which states that people should be able to choose whether to pay tax according to what transactions they choose to make. This principle applied to the many 19th century excise duties and 20th century purchase tax, where the rates were much higher on those items considered luxuries.

This principle has now generally been replaced by the principle of **ability to pay**, though vestiges of option to pay can be found in current provisions for excise duty and VAT.

option to redeem In investment, a provision included for certain loan notes that allow the holder the right to convert the note to cash at defined points during the life of the note. These points are often the half-yearly or quarterly points when interest

payments are made.

option to tax

Charge of VAT on a supply that would normally be exempt.

It applies to certain supplies of land and buildings. If a decision to charge VAT is made, the value of the supplies when calculating the taxable turnover must be included. Option to tax is also referred to as the Election to Waive Exemption.

Details are given in Value Added Tax 1994 Sch 10.

option trading

Buying and selling options.

option writer

In investment, the person or body that is the initial seller of an option.

OR

- (1) **Ordinary residence** or ordinarily resident.
- (2) Abbreviation: operational research.
- (3) Abbreviation: Omani rial, currency of Oman.

oral declaration

Spoken statement affirming a truth.

Oral declaration supported by an inventory document may be used for Customs duty relief under the **temporary admission** procedure.

orbis terrarum

Latin: the circle of the lands. This means the whole world.

Orcadian

Pertaining to the Orkney Islands of Scotland.

orchestra

Value added tax

Body of musicians whose activities may qualify for exemption if run on a non-profit basis.

An orchestra was held not to be exempt under Value Added Tax 1994 Sch 9 Group 13 Note 2(c) when it employed a full-time managing director. (*Bournemouth Symphony Orchestra CA [2006] EWCA Civ 1281*).

Orchestra relief

From 1 April 2016, an orchestra may be able to claim **orchestra relief**. For this purpose, an orchestra is defined as 12 or more players of musical instruments, at least half of which are not electrically amplified. Brass bands, wind bands and dance bands therefore qualify as orchestras.

orchestra relief	Enhanced tax relief given to orchestras from 1 April 2016.
orchid	Endangered plant. The importation of the plant or its products is generally prohibited under CITES convention .
order	In trade, a request for goods or services to be supplied. An order has the nature of an offer to contract.
order book	Literally, a book or register which records all orders received for supplying goods or services. Colloquially, the term means the value of orders awaiting supply. Sometimes it is expressed as the time it will take to complete the orders.
order book	Record of orders received. Once they have been completed, they may also be recorded in the sales book . For investment, the term has a specific meaning under the SETS system introduced in 1997.
order for sale	Court order requiring property to be sold to pay a debt.
order for sale of shares	Order made by a court requiring that shares in a public company must be sold because of unlawful restrictions imposed on them (Companies Act 2006 s801).
order of discharge	In insolvency, an order that a bankrupt may obtain from the court. This releases the bankrupt from all debts other than those that arose from fraud and from certain other debts (Insolvency Act 1986 ss280-281).
Orders in Council	Orders issued by the privy council under the royal prerogative.
Orders of the Day	Items of business for the House of Commons for a particular day.
ordinal	Number that indicates sequence, such as first, second, third etc.
ordinarily resident (OR)	Tax term to describe someone who normally lives in a particular country. It requires more than just being resident, but less commitment than domicile. The matter is explained under ordinary residence .

ordinary activities	<p>“Any activities which are undertaken by a reporting entity as part of its business and such related activities in which the reporting entity engages in furtherance of, incidental to, or arising from, these activities. Ordinary activities include the effects on the reporting entity of any event in the various environments in which it operates, including the political, regulatory, economic and geographical environments, irrespective of the frequency or unusual nature of the events” (FRS 3 para 2).</p>
ordinary adoption leave (OAL)	<p>Period that an employee may take off work in respect of adopting a child (Social Security Contributions and Benefits Act 1992 s171ZK).</p> <p>The period and pay are the equivalent to ordinary maternity leave. Where a couple adopts a child, the partner (male or female) may claim paternity leave and statutory paternity pay.</p>
ordinary benefits	<p>Benefits provided by an community amateur sports club which do not trigger a tax liability. The matter is discussed in the Inspectors' Manual at BIM24340.</p>
ordinary commuting	<p>“Means travel between —</p> <ul style="list-style-type: none">(a) the employee's home and permanent workplace, or(b) a place that is not a workplace and a permanent workplace” (Income Tax (Earnings And Pensions) Act 2003 s338(3)).<p>Ordinary commuting is not a deductible expense from employment income.</p>
ordinary contribution	<p>The normal rate of class 2 national insurance (Social Security Contributions and Benefits Act 1992 s11), as against higher-rate contributions.</p>
ordinary interest	<p>Term sometimes used to describe interest calculated on the basis that there are 360 days in a year, as against exact interest which calculates interest on the basis of 365 days.</p>
ordinary maternity leave	<p>A period of (from 1 April 2007) 39 weeks for which a female employee is entitled to be absent from work. If she meets the relevant conditions, she will receive</p>

statutory maternity pay during this period. This is provided by Employment Rights Act 1996 s71.

ordinary overseas property business

“Means an overseas property business except so far as it is a **UK furnished holiday lettings business**” (Corporation Tax Act 2009 s748(5)).

ordinary residence (OR)

(1) Residence as seen in terms beyond mere physical presence in the UK. The term is not defined in tax statutes. It is generally abolished for tax purposes from 6 April 2013 when provisions of the **statutory residence test** come into effect.

It is habitual residence from year to year. A simple rule is that someone is ordinarily resident if present in the UK for 91 days a year over a four-year period. This is known as the **substantial and habitual visits rule** or the **91-day rule**. It is derived from the case *Lysart v CIR [1928] 13TC511*. Guidance is also provided in the leaflet HMRC 6.

Guidance is provided in the Inspectors' Manual at CBTM10020. Part of it reads: “The term “ordinarily resident” is not defined, but its established meaning is that a person is ordinarily resident if they are normally residing in the United Kingdom (apart from temporary or occasional absences), and their residence here has been adopted voluntarily and for settled purposes as part of the regular order of their life for the time being. In considering whether a person is ordinarily resident, all the circumstances of the particular case will need to be considered.”

The consequence is that a person who is non-resident may be treated as such for income tax purpose if they are ordinarily resident. It is also relevant in areas such as social security and housing.

(2) In relation to an adult in care, the term is as defined in Care Act 2014 s39.

ordinary resolution

In company law, a decision of shareholders passed by a simple majority, that is more than half of those who voted (Companies Act 2006 s282(1)).

An ordinary resolution may be taken by a show of hands unless a ballot is required.

An ordinary resolution deals with all issues except those for which a **special resolution** or **unanimous**

resolution is required.

ordinary share

Share whose holders own the company.

In company law, ordinary shares “means share other than shares that as respects dividends and capital carry a right to participate only up to a specified amount in a distribution” (Companies Act 2006 s560(1)).

In accounting, the term is defined as “an equity instrument that is subordinate to all other classes of equity instrument” (FRS 102 glossary).

In the context of distributions, tax law defines ordinary shares as “shares other than preference shares” (Corporation Tax Act 2010 s160(1)).

ordinary statutory paternity pay (OSPP)

Paternity pay for one or two weeks that may be claimed by a father or other partner of person who gives birth to or adopts a child. The entitlement is set out in Social Security Contributions and Benefits Act 1992 s171ZA.

The payment is subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s660(1)).

From 6 April 2011, this term replaces **statutory paternity pay** in recognition that **additional statutory paternity pay** may be claimed from that date.

ordinary trust assets

In the context of a transfer of value by trustees linked with trustee borrowing, this term is given a specific meaning by Taxation of Capital Gains Act 1992 Sch 4B para 7(1).

ordinary UK overseas property business

“Means a UK property business except so far as it is a **UK furnished holiday lettings business**” (Corporation Tax Act 2009 s748(5)).

ordinary watercourse

“A watercourse that does not form part of a main river” (Flood and Water Management Act 2010 s6(3)).

ore

(1) Rock from which metal or other mineral may be extracted.

(2) One hundredth of the krona, currency of Sweden.

organ

For medical transplants, “means a differentiated and vital part of the human body, formed by different **tissues**, that

maintain its structure, vascularisation and capacity to develop physiological functions with an important level of autonomy" (Directive 2003/23/EC article 3).

organic growth

Expansion of a business simply by increasing the scale of its activities, as against **acquisitive growth** where other businesses are acquired.

organic growth

When a business grows from re-investing its profits rather than by acquiring other businesses.

organisation

General term for a business, charity or other commercial or non-commercial body.

The term is used for some tax administration purposes. In particular, where an organisation is registered for a tax provision, it may only use that provision for activities which relate to the organisation.

organisation and methods (O & M)

Process of examining how functions operate with a view to seeing how they may be made more efficient.

Organisation for Economic Co-operation and Development (OECD)

Body established in 1960 to assist member countries who get into financial difficulties.

organised securities exchange

Stock exchange where trading of listed securities takes place.

organist

An organist in the Church of England has been held to be an employee of the incumbent and PCC.

A paid organist should therefore be paid either on a PAYE payroll or using the **local religious centre** exemption.

For VAT, the services of an organist are standard-rated if the organist is registered *and* the supply is made as part of a business. A VAT-registered person who plays the organ as a hobby does not charge VAT.

For VAT, the services of an organist at a funeral are exempt. Further details are given in VAT notice 701/32.

organogram

Chart explaining how an organisation is run.

original appellant	For VAT, “means the person who made the appeal to the tribunal under section 83” (Value Added Tax 1994 s85B(8)).
original book value	In relation to capital allowances and leases, this term is given a specific meaning in Capital Allowances Act 2001 s222B and subsequent sections.
original consideration	In relation to capital allowances and leases, this term is given a specific meaning in Capital Allowances Act 2001 s222B and subsequent sections.
original contract	In relation to certain embedded derivatives, this term is given a specific meaning in Corporation Tax Act 2009 s616(7).
original gravity (OG)	<p>In relation to beer duty means the gravity of the liquid before fermentation (Alcoholic Liquor Duties Act 1979 s3(1)(c)).</p> <p>Customs notice 226 explains how this may be used to calculate the alcoholic strength for beer duty.</p>
original master version	In relation to sound recordings , means “the master tape or master audio disc of the recording” (Corporation Tax Act 2009 s152(1)(b)).
original place of departure	For air passenger duty, this is as indicated on the ticket (Finance Act 1994 s43(2)).
original right	For national insurance on share options, term used in Social Security Contributions (Share Options) Act 2001 s3.
original seen	Words attached to a copied document and signed by a person of repute who has seen the original document and confirms that the copy is accurate.
original shares	Term used in Taxation of Capital Gains Act 1992 s116 in relation to capital gains tax when there has been a reorganisation of a company or its shareholding.
original supplier	For VAT, person who supplied goods to a customer in another EU state via a third party (Value Added Tax Act 1994 s14).

originating application	Process by which legal proceedings are started. For tax tribunal hearings, the process is set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 21.
originating products	Products which have been 'wholly produced' in the European Union (EU); or products which incorporate material not wholly produced in the EU, but which has been sufficiently transformed in the EU.
origin of turnover	In accounting, geographical segment from which products or services are supplied (SSAP 25).
origin rule	Rule that determines the country of origin for the purposes of determining whether goods qualify for import preference of Customs duties.
ormolu	Alloy of copper, zinc and sometimes tin used as gold leaf.
ornamental fish	Term used in VAT notice 701/14 for tropical fish and similar. Such fish are standard-rated. They are not zero-rated as food, even when such fish are edible.
ornamental vegetable	Term used in VAT notice 701/14 to describe such products as ornamental cabbage. Such products are standard-rated if they are sold for their appearance, even if the product is edible.
oroide	Alloy of copper with zinc or tin used to imitate gold.
orphan	Child without one or both parents.
orphan stock	Stock that is largely ignored by investors.
ORR	Office of Rail Regulation.
orra	Scottish term for worthless material that is left over.
ORS	Open, random and supportive , a modern form of management .
Osborne, George	English Conservative politician (1971-) who has been Chancellor of the Exchequer since 12 May 2010 under the coalition government led by David Cameron, and under

the Conservative government from 2015.

He was Shadow Chancellor from 10 May 2005 to 11 May 2010.

Osborne case

Court case of 1908. Railwayman W V Osborne challenged the right of his trade union to pass part of his subscription to the Labour party. The House of Lords ruled that this was an illegal political levy. This ruling was reversed by Trade Union Act 1913.

oscillator

In technical analysis for investment, an indicator that moves up and down within a band. It indicates buy and sell signals by comparing the difference between short-term and long-term moving averages.

OSP

Occupational sick pay.

OSPP

Ordinary statutory paternity pay.

OSPRE

Objective Structured Performance Related Examination.

ostensible authority

Authority a person appears to have, such as when someone places goods on behalf of an organisation. Problems can arise if that person transpires not to have such authority.

ostensible partner

Person who allows his or her credit to be pledged as a partner even though he or she is not a partner. In effect, this is the same as a **shadow partner**.

Broadly the ostensible partner has all the duties but none of the rights of a real partner.

ostler

Person who attends to horses at an inn.

ostmark

Currency of East Germany until reunification with West Germany in 1990.

Ostpolitik

Policy of West Germany to establish normal trade and diplomatic relations with Eastern Europe. This policy was largely overtaken by events from 1990.

ostrich

For VAT purposes, ostriches and their eggs are zero-rated as food from 1 April 1995. Previously they were standard

rated as non-edible animals.

OTA Oil Taxation Act 1975.

OTC (1) Operations Tariff Classification.
(2) Over the counter.

other asset This is given the specific meaning of an asset on which expenditure is incurred that has been realised from an **old asset** (Corporation Tax Act 2009 s754(2)).

other capital Any form of capital employed by a business which does not come within the scope of separately listed forms of capital.

other comprehensive income "Items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by this FRS" (FRS 102 glossary).

other financial information Term used in **Statement of Principles for Financial Reporting** to include reports about an entity which have not been prepared by the entity. Example include news reports and analysts' reports.

other long-term capital Any form of long-term capital used in a business which does not come within the scope of a separately listed form of long-term capital.

other money purchase arrangement

A money purchase arrangement other than a cash balance arrangement. An arrangement is an other money purchase arrangement where the member will be provided with money purchase benefits, and the amount that will be available to provide those benefits is calculated purely by reference to payments made under the arrangement by or on behalf of the member. This means that in an other money purchase arrangement the capital amount available to provide benefits (the member's "pot") will derive wholly from actual contributions (or credits or transfers) made year on year.

The scheme administrator or trustees may use the payments made under the arrangement to make investments of any kind on behalf of the member (for example, cash on deposit, shares, other investment

assets, a life assurance policy on the member's death). As long as the pot ultimately used to provide benefits is wholly derived from the original payments, the arrangement is an other money purchase arrangement. The subsequent investment income and any capital gains are derived from payments made under the arrangement, and they themselves become part of the member's pot.

It is a feature of other money purchase arrangements that the member bears all the investment and mortality risk. The scheme simply pays out whatever benefits the amount in the pot, including the proceeds of all the investments that have been made using the payments into the scheme, will support.

other payee

For PAYE, "means a person making relevant payments in a capacity other than employee, agency worker or pensioner"
(PAYE Regulations SI 2003 No 2682 reg 2(1)).

other payer

For PAYE, "means a person making relevant payments in a capacity other than employer, agency or pension payer"
(PAYE Regulations SI 2003 No 2682 reg 2(1)).

other receipts

In relation to a **property business**, means
 "(a) payments in respect of a licence to occupy or otherwise use land,
 (b) payments in respect of the exercise of any other right over land, and
 (c) rentcharges and other annual payments reserved in respect of, or charged on or issuing out of, land"
(Corporation Tax Act 2009 s207(3)).

other short-term capital

Any form of short-term capital used in a business which does not come within the scope of a separately listed form of short-term capital.

other types of general purpose financial report

Term used in **Statement of Principles for Financial Reporting** to include such documents as the **directors' report, chairman's statement, operating and financial review, historical summaries** and **trend information**.

otiose	No longer relevant; superfluous.
otium cum dignitate	Latin: leisure with dignity. Express of a comfortable retirement.
OTRS	Online Tax Registration Service.
OTS	Office of Thrift Supervision , US government department.
ouguiya	Currency of Mauritania.
ounce (oz)	Imperial unit of weight equal to 28.349523 grams. There are 16 ounces to a pound .
OUS	Company's unappropriated surplus at the end of a previous accounting period. The abbreviation is used in Income and Corporation Taxes Act 1988 s444AK in relation to the tax implications of mutual life assurance business.
out	Its many meanings include an unexpected difference in financial figures, such as being "out by five pounds".
outdoor relief	Term used in the 19th century to distinguish help given to the needy while they stayed in their own homes, as against help given in the form of the workhouse. It was provided under the Poor Law Act 1601. The assistance took the form of money, food, clothing and other essentials. This relief was supposedly abolished in 1834, though in practice it continued into 20 th century.
Outer House	Part of the Court of Session in Scotland. It comprises all but eight of its judges.
outfangthief	The old right to judge and fine thieves taken outside one's jurisdiction.
outflow	Cashflow of money going out of a business or other entity.
outgoing auditor	Auditor who the company wishes to replace (Companies Act 2006 s514(1)). If the auditor does not agree to the replacement, he has the right to make representations to

members of the company.

outgoing partner	Person who is leaving or has left a partnership. Such a person is not liable for any debts of the partnership which arose after he left (Partnership Act 1890 s17).
outgoing resources	Figure in SOFA for all forms of expenditure and liability.
outgoings	All expenses viewed collectively, particularly in relation to land.
outing	Term used when some personal detail is disclosed which the person does not want disclosed. Most commonly this relates to disclosure that the person is homosexual.
outlaw	Make illegal, or a person deprived of legal protection.
outlay	Money spent at the start of a business or project.
outline disclosure	An admission by a taxpayer that he or she has deliberately underpaid tax. If such a disclosure is made under the Contractual Disclosure Facility , the taxpayer will avoid criminal proceedings.
outlook	View of what a person or business expects to happen.
out of (an EBT)	In terms of the allowability of an employee benefit trust, the issue of whether a payment was made "out of" the employer's contributions is discussed in the Inspector's Manual at BIM 44615.
out of bounds	Area which a person may not visit. The term is also used for a subject which may not be discussed.
out of court	Term used when a legal issue is settled by the parties without the need for a court hearing. The term can be used for either criminal or civil matters. Out of court settlements include agreement between the parties, mediated agreements, and arbitration.
out-of-court disposals	"An out-of-court disposal may take the place of a prosecution in court if it is an appropriate response to the

offender and/or the seriousness and consequence of the offending.

“Prosecutors must follow any relevant guidance when asked to advise on or authorise a simple caution, a conditional caution, any appropriate regulatory proceedings, a punitive or civil penalty, or other disposal. They should ensure that the appropriate evidential standard for the specific out-of-court disposal is met including, where required, a clear admission of guilt, and that the public interest would be properly served by such a disposal.” (website of Crown Prosecution Service).

out of date	Description of something which has lost of its validity because a date or period has passed. It can apply to a fashion, idea, document, product or cheque (though the term stale is more common for a cheque).
out of order	(1) Not in the correct sequence. (2) Not working, as applied to a machine.
out of pocket	Description of someone who has not been fully compensated for expenses he has incurred.
out of pocket expenses	Incidental expenses incurred, such as odd items of travel or refreshment.
out of the money	In investment, an option or warrant with a negative intrinsic value. A common example is a call option whose exercise price is higher than the underlying security.
out-of-work support	Term for social security such as jobseeker's allowance and income support for the unemployed.
outplacement services	Services of counselling and similar to assist an employee into a new job (Corporation Tax Act 2009 s73 and Income Tax (Trading and Other Income) Act 2005 s73).
output	The work which is done by a business in producing its goods or services.
output per hour	Amount of work achieved in one hour.

output tax The VAT that is due on taxable supplies, before **input tax** has been deducted.

output work

Definition

Output work is when a worker is paid according to how has been produced rather than how many hours have been worked. Such arrangements are common in areas such as assembling items at home, cutting cloth for clothing, putting literature into envelopes, delivering newspapers and picking fruit.

National minimum wage

One of the four bases for determining whether **national minimum wage (NMW)** regulations have been followed.

The hourly output may be determined by either conducting a test or estimating. A test must involve either all workers involved or a representative sample. The test must be conducted in conditions similar to those the worker will enjoy. The number of units produced in an hour is known as the **mean hourly output rate**.

Rated output work

Compliance with the NMW requires either a record of hours worked and payment at the NMW for those hours, or a system of **rated output work**.

Rated output work applies from 1 October 2004 when it replaced the previous **fair estimate agreement**.

Rated output work requires (from 1 October 2005) the worker to be paid 120% of the NMW for the amount of work which can reasonably be done within one hour. For example, if the NMW were £6 an hour and a worker could be expected to assemble ten items in an hour, a worker must be paid at least 72p per item assembled, on the basis of $£6 \times 120\% \div 10$.

Rules before 2005

Between 1 October 2004 and 30 September 2005, rated output work was calculated as 100% of NMW.

Previously it was calculated as 80%.

outramer

Beyond the sea.

- outright gift** Gift where all rights of ownership have been given away, as against (for example) a **gift with reservation**.
- outside the scope** For VAT, activities “that are not covered by VAT law” (VAT notice 701/1).
These include supplies made by someone who is not a taxable person; those made outside the UK (other than certain international services); or those not made in the course or furtherance of business. Such supplies do not bear VAT but are not regarded as exempt or zero-rated.
- outsourcing** Commercial arrangement for a function to be transferred from the organisation to someone outside.
- outstanding capital** In the context of controlled foreign companies, the term “means the total value of all the capital interests in the company, less the value, as shown in the company’s accounts, of any advances made by the company to persons resident outside the United Kingdom and falling within paragraph (i) or paragraph (ii) of sub-paragraph (3)(b) above”. (Income and Corporation Taxes Act 1988 Sch 25 para 11(4)(c).
- outstanding cheques** Cheques which have been issued but do not yet appear on a bank statement. This item is the total value of such cheques and is used in a **bank reconciliation**.
- outstanding VAT** “A person has outstanding VAT for a prescribed accounting period if some or all of the VAT for which he is liable in respect of that period has not been paid by the last day on which he is required (as mentioned in subsection (1) above) to make a return for that period; and the reference in subsection (4) above to a person’s outstanding VAT for a prescribed accounting period is so much of the VAT for which he is so liable as had not been paid” (Value Added Tax 1994 s59(6)).
A person is liable to a **default surcharge** on the amount.
- outward processing relief (OPR)** System of duty relief that gives full or partial relief from import duty when European Union (EU) goods are exported outside the EU for process or repair and are

subsequently re-imported.

outward processing trade Part of a Customs procedure concerned with the temporary export of textiles to certain Eastern European countries for processing and reimport into the European Union (EU).

Before exporting the goods, the exporter must obtain an Outward Processing Trade (OPT) authorisation from the relevant government department.

outward processing A process which provides relief from Customs duty when goods are imported which were exported purely for a process such as repair or assembly.

OV Opening value of an individual's rights under a pension scheme, as defined in the expression used in the formula in Finance Act 2004 s222(4).

ovem lupo committere Latin: to entrust the sheep to the wolf.

over (1) In conveyancing, a "gift over" or a "limitation over" is a gift or limitation that comes into effect on the determination of an estate, such as on the marriage of a beneficiary.
(2) In accounting, means "more than".

over absorbed overhead Absorbed overhead where the budgeted figure proves to be greater than the actual figure.

over absorption Situation where the amount of indirect costs allocated to direct costs is greater than the actual outcome justifies.

overall Description of something which applies to the whole, such as a report on an "overall increase in profits" means that the profits of the organisation as a whole rose though there may have been declines in particular areas.

overall balance of payments Balance of payments of a country considering all elements together. In particular, this includes looking at visible and invisible trade, and long-term and short-term trade.

overall return Amount received from an investment from all sources less any related losses. For a share, the overall return will

include both dividends received and capital gain. From this will be subtracted any dealing costs and stamp duty. The figure for overall return may be before or after tax, depending on the purpose for which it is determined.

overborrowed

Description of a person or business who has borrowed very large amounts of money relative to their assets.

overbought

In investment, description of a market whose prices have risen to an artificial high because of excessive buying.

overcapitalised

Description of a business which has more capital than it needs.

overcharge

Charge more than one should.

overcrowding

When too many people live in a dwelling.

This has at various times been defined. For example, Housing Act 1936 s58 specified overcrowding as when either two people over 10 and of opposite sexes (and not being husband and wife) must share a room, or when the number of occupants exceeds a floor area stated in Sch 5 of that Act.

overcrowding notice

Notice which a local authority may serve under Housing Act 2004 s139 when it believes that a **house in multiple occupation** is overcrowded.

over-dependence

Risk that a business is too dependent on one customer or supplier.

overdraft

The situation when a person has withdrawn more money from his or her **bank account** than is in there.

An overdraft is either an:

- **authorised overdraft;** or
- **unauthorised overdraft.**

An authorised overdraft is one agreed in advance with the bank, whereas an unauthorised overdraft is not agreed but which the bank is prepared to tolerate. A bank has no obligation to allow an unauthorised overdraft and may **dishonour** payment rather than allow an account to become overdrawn.

Overdrafts usually attract **bank charges** in addition to **interest**. The rates for unauthorised overdrafts are

	often much higher, with interest rates above 20% quite common.
overdue	Description of a debt which remains unpaid even though the date by which it should have been paid has past.
overestimate	An estimate which provides a figure greater than the actual figure.
overfill tolerance	In beer duty , the maximum amount that a quantity of a large pack (usually keg or cask) may depart from the stated quantity. These tolerance are set out in Customs notice 226. They are around 1%.
overgeared	Description of a company which has high levels of borrowings relative to its assets or equity capital.
overhang	Large number of shares or amounts of a commodity which remain unsold. This has the effect of depressing the price.
overhead absorption rate	Rate at which overhead costs are added in to the direct costs.
overhead budget	Budget for the general overheads of a business, as against the budget for direct production costs.
overhead cost	Expense; cost which relate to being in business rather than to producing the goods or services. These are usually allowable against taxable profits. The main exceptions are depreciation (for which capital allowances may be claimed instead), personal expenditure, entertaining customers and fines.
overhead cost rate	In management accounting, overhead cost divided by a measure of activity, such as per unit produced or per hour worked.
overhead cost recovery	In management accounting, process which overhead costs are absorbed into the cost of a unit of production.
overheads	Another term for overhead costs .

over-hedged	Description of a financial risk for which the hedging is excessive. Where this is part of a risk transfer scheme, it may be caught by anti-avoidance provisions of Finance Act 2010 s46 and Sch 16.
over-insurance	When property is insured for more than its value. The general rule is that payment may only be made up to the value. This is specifically stated in Marine Insurance Act 1906 s32(2).
overlap period	For income tax on trading, "means a period which falls within two basis periods" (Income Tax (Trading and Other Income) Act 2005 s204). There are special provisions that apply to overlap profit .
overlapping period	For group relief, the period which is common to the claim period and surrender period (Corporation Tax Act 2010 s142(1)).
overlapping tax	Term used in 1944/45 when PAYE was introduced. A worker could be liable to pay tax on his current earnings under PAYE and on the previous year's tax under the old system. The overlapping tax was cancelled.
overlap profit	Profit for a period which is covered by two basis periods for income tax. The profits for one of these periods qualifies for overlap relief when the business ceases. The term "means profit which arises in an overlap period " (Income Tax (Trading and Other Income) Act 2005 s204).
overlap relief	<i>Income tax: trading</i> The part of a business's first year of trading which is taxed twice. This amount may be deducted from taxable profits in the final year of trading. In the first year that a business trades, it is taxed on the profits actually earned in the tax year. In the second and subsequent tax year, it is taxed on the profits earned up to the accounting date in the tax year. There is usually a short period at the start of the business whose profits are taxed in each year and are therefore taxed twice. The amount of double taxation which thus arises is known as

overlap relief as the two basis periods have overlapped.

The amount of overlap relief is deducted from taxable profits in the final tax year when the business ceases. As overlap relief is not indexed or uplifted in any way, the amount may be relatively small.

Capital gains tax: main residence relief

Relief given under Taxation of Capital Gains Act 1992 s223(2)(a) in respect of **main residence relief**.

This allows a period to be included as occupation of the residence where a person acquires a new residence before disposing of the old.

overnight trade

Term once used to describe a deal done while the London Stock Exchange was closed.

Overpayment Recovery (OPREC)

HMRC computer system that "provides IT support for the collection, recovery and accounting of overpaid amounts of child benefit" (Inspectors' Manual at DMBM100120).

overpayments

Overpayments from a customer kept by a trader are trading income (*Pertemps Recruitment Partnership Ltd v HMRC [2011] UKUT B8*).

overrider

Commission which is paid in addition to all other commission.

overriding limit

The rule that no more than 50% of gross pay may be deducted from gross pay from an employee with a K code.

The official definition is that the term "means the limit on the amount of tax to be deducted from a relevant payment, where the tax due in accordance with the appropriate tax tables in respect of any taxable payments or total taxable payments to date at the relevant date has been calculated by reference to **additional pay** or total additional pay to date, and that limit is an amount equal to 50% of the amount of the relevant payment" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

overseas

Appertaining to a foreign country. The word "oversea" is sometimes used as an adjective with the same meaning.

overseas arrangement For pensions, “a scheme or arrangement other than an occupational pension scheme, which will provide benefits on termination of employment, or on death or retirement. It is not an APP/APPSP scheme and is administered wholly or primarily outside the United Kingdom (UK)” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

overseas arrangement active membership period

This is the period beginning with the date on which the benefits first began to accrue to, or in respect of, the individual under the recognised overseas scheme arrangement or, if later, 6 April 2006 and ending immediately before the recognised overseas scheme transfer.

If benefits ceased to accrue under the recognised overseas scheme arrangement before the transfer then it is this date on which the overseas arrangement active membership period is treated as ending.

overseas branch register

A register of shareholders or other members of a limited company's overseas branch. The register may be kept in the overseas territory (Companies Act 2006 s129).

The territories are basically former British territories. The overseas branch register is regarded as part of the company's **main register** which is the **register of members**.

overseas company

“Means a company incorporated outside the United Kingdom” (Companies Act 2006 s1044).

overseas conference

The ability to deduct such expenses from taxable profits follow the normal **wholly and exclusively** rule. How they apply to this item is discussed in the Inspectors' Manual at BIM42525.

Overseas Countries and Territories (OCT)

For customs duties, collective term for a large number of states which are treated similarly for the purposes of trade preferences.

The OCT group consists of states which are not part of the single market, but which have historical links with various European Union member states. A complete list of the states included in the OCT group can be found in

Volume 1 of the Tariff.

- overseas dividend** In relation to manufactured payments means “any interest, dividend or other annual payment payable in respect of overseas securities” (Corporation Tax Act 2009 s814(2)).
- overseas division** Section of an organisation which deals with other countries.
- overseas freezing order** “An order:
(a) for protecting, pending its transfer to the participating country, evidence which is in the United Kingdom and may be used in any proceedings or investigation in the participating country, and
(b) in respect of which the following requirements of this section are met” (Crime (International Co-operation) Act 2003 s20(2)).
The conditions are broadly that it the order is issued by a court under its criminal law in a country which participates in these arrangements.
- overseas funds** Investment funds in other countries.
- overseas leasing pool** Balances of expenditure on plant and machinery for overseas leasing which is kept separate for the purposes of calculating capital allowances at a lower rate (10%) than would apply for UK leasing. Some assets are prohibited from any allowance.
The relevant law and definitions are contained in Capital Allowances Act 2001 s107.
An explanation is provided in the Inspector's Manual at CA 24200.
- overseas life insurance company** In relation to taxation of insurance companies, means “an insurance company not resident in the United Kingdom but carrying on life assurance business through a branch or agency in the United Kingdom” (Income and Corporation Taxes Act 1988 s431(2)).
- overseas markets** Markets in foreign countries.

overseas medical treatment	For an employee, this may be exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s325.
overseas pension	Pension paid in a foreign country. Such payments are generally excluded from the personal estate subject to inheritance tax (Inheritance Tax Act 1984 s153).
Overseas Pensions Act	Pensions paid under this Act of 1973 may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s651.
overseas pension scheme	“Means a pension scheme (other than a registered pension scheme) which — (a) is established in a country or territory outside the United Kingdom, and (b) satisfies any requirements prescribed for the purposes of this subsection by regulations made by the Board of Inland Revenue” (Finance Act 2004 s150(7)).
overseas property business	“A company’s overseas property business consists of — (a) every business which the company carries on for generating income from land outside the United Kingdom, and (b) every transaction which the company enters into for that purpose otherwise than in the course of such a business” (Corporation Tax Act 2009 s206). An identical definition for income tax is given in Income Tax (Trading and Other Income) Act 2005 s265.
overseas relationship	In terms of civil partnerships, means an equivalent relationship which is registered outside the UK in the law of the overseas country.
overseas scheme	For pensions, “a scheme established under irrevocable trust, or by such other means as [HMRC] may approve, and which is administered wholly or primarily outside the United Kingdom (UK)” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).
overseas securities	“Means shares, stock or other securities issued by — (a) a government, local authority or other public authority of a territory outside the United Kingdom, or

(b) another non-UK resident body of persons”
(Income Tax Act 2007 s567(2)).

The same definition appears in Corporation Tax Act 2009 s814(3).

Overseas Service Act

Act of 1958 that may provide a pension for those who worked overseas.

Such a pension may be free of income tax under Income Tax (Earnings And Pensions) Act 2003 s652.

Overseas Service Pension Fund

Pension fund established under Overseas Aid Act 1966 s7(1).

Payments of pensions from this fund may be free of income tax under Income Tax (Earnings And Pensions) Act 2003 s653.

overseas shares

“Means shares in a non-UK resident company” (Income Tax Act 2007 s567(1A)).

overseas tax

In relation to manufactured payments, means “tax under the law of a territory outside the United Kingdom” (Corporation Tax Act 2009 s814(4)).

overseas taxation

Taxation in another country. Where tax falls to be paid in two countries, it may qualify for **double taxation relief**.

overseas team

In relation to the tax exemption for the **Champions League** football competition, “means a football club which is not a member of the Football Association, the Scottish Football Association, the Football Association of Wales or the Irish Football Association” (Finance Act 2012 s13(6)).

Oversea Superannuation Scheme

Payment made under the Oversea Superannuation Scheme (formerly known as the Colonial Superannuation Scheme).

Such a payment may be free of income tax under Income Tax (Earnings And Pensions) Act 2003 s650.

overseas visitor

For tax purposes, a description of someone who buys a boat.

He normally lives outside the European Union (EU),

has not been in the EU for more than 365 days in the two years before the date they buy the boat and intends to leave the EU, within six months of the date of delivery of the boat.

oversold

Term used to describe a market whose prices are artificially low because of a high level of selling.

overspend

Spending too much, particularly when the actual figure is greater than the budgeted figure.

overspill relief

Tax relief granted by Finance Act 1965 s84 for foreign tax when company moved from paying income tax to corporation tax. The relief was considered in *Shell Petroleum Co Ltd v Carr [1971] CA. 47 TC 25*

overstate

Putting an amount in the accounts which is greater than it should be.

overstock

Hold too much stock for the requirements of a business.

oversubscribed

In investment, description of a share of security where offers exceed the available shares or securities.

When this happens, shares are allocated according to the provisions of the prospectus. A common provision is to scale back all offers proportionately. Sometimes smaller offers are scaled back less than larger offers.

over the counter

Description of lawful trading, as against **under the counter**.

over the counter market (OTC market)

Secondary market in shares which are not listed on a stock exchange.

overtime

Payment for additional working by an employee.

An employee is not entitled to payment for overtime unless the contract allows for this. If it is paid, it is sometimes paid at a premium known as **time and a third, time and a half, double time** etc.

The additional payment is known as the **overtime premium**. This is excluded from costing in **management accounting**.

The overtime premium is also ignored when

	determining whether a worker has been paid the national minimum wage .
overtime pay	Addition to an employee's normal gross pay in respect of additional hours worked.
overtime premium	Amount by which payment for overtime exceeds the normal rate of pay.
overtrading	Situation where a company increases its sales too quickly, with adverse consequences, particularly running out of cash.
overvalue	Ascribe a greater value than is justified.
overvalued	Description of a security that is trading at a higher price than is indicated by its fundamentals.
overweight	Description of an investment fund that holds more of an asset or share category than is appropriate.
owe	Be in a position where you must pay money to another person or business.
owelty	Legal term for equality.
Owenite	Disciple of Robert Owen (1771-1858) who advocated a society built on socialist co-operation.
Owl	Portable device which states how much electricity is being used in a building.
owing	Due; description of money that needs to be paid.
owling	Old term for smuggling wool.
owner	Person who has legal title to land or goods though he may not have occupation or possession of them. For Customs purpose, owner "in relation to an aircraft, includes the operator of the aircraft" (Customs and Excise Management Act 1979 s1(1)), and owner "in relation to a pipe-line, means (except in the case of a pipe-line vested in the Crown which in pursuance of arrangements in that behalf is operated by another) the

person in whom the line is vested and, in the said excepted case, means the person operating the line” (Customs and Excise Management Act 1979 s1(1)).

owner-occupier

Person who owns the residence in which he or she lives. Someone is an owner-occupier even if they have a mortgage or other outstanding secured loan.

owners

For accounting, “holders of instruments classified as **equity**” (FRS 102 glossary).

owners' equity

Value of a company which is owned by the shareholders.

ownership

Having legal title to goods rather than just physical custody. The latter is usually called **possession**. Ownership is a package of legal rights.

In trusts, ownership is distinguished between legal and beneficial (or equitable). In a **trust**, the trustees are the legal owners, while the beneficiaries are the beneficial owners.

ownership interest

The residual amount found by deducting all of the entity's liabilities from all of the entity's assets. (Also called **equity interest**.) For accounting, this definition is given in **Statement of Principles** para 4.37.

ownership of goods

For the purposes of consumer protection, this term is explained in Consumer Rights Act 2015 s4.

ownership proportion

In relation to **allowance buying**, this term is explained in Capital Allowances Act 2001 s212H as inserted by Finance Act 2010 s26 and Sch 4.

own resources

Customs duties and duties on agricultural products. They are not UK revenue (Inspectors' Manual at DMBM540020).

Oxford comma

Comma placed before the word “and” to disconnect the following term from the adjective or adverb that qualifies preceding terms. So the expression “fixed plant and machinery, and loose tools” would mean that “fixed” applied to “plant” and “machinery” but not to “loose tools”.

Although this is a common practice, it is not

supported by authoritative text books on English grammar.

For its relevance in interpreting tax law, see **comma**.

oxgang

Anglo-Saxon imprecise measure of how much land an ox could cultivate. It was between 10 and 25 acres.

Oxonian

Pertaining to Oxford.

oyer and terminer

Old legal term for a writ issued to judges twice a year. The expression comes from the Old French meaning "to hear and determine". The term ceased to be used from 1972.

oz

Ounce(s).

Ozalid

Trade name for an old process for duplicating documents.

ozone

Allotropic form of oxygen with the formula O₃, commonly formed near open electrical connections. There are financial and legal provisions in relation to protecting the **ozone layer**.

ozone depleting substances (ODS)

Products that may damage the ozone layer of the planet.

A European Commission licence may be needed to import such products. Customs clearance cannot be obtained without such a licence.

ozone layer

Layer of **ozone** in the upper atmosphere which protects the planet from ultraviolet rays. There are fiscal and legal provisions to reduce products that may damage this layer.

P

P

Tax forms

Series of forms used by HMRC to administer the PAYE scheme. The more common forms include:

P1 tax return

P7X general instruction to update employee tax codes

P11 record of employee's pay and tax
P11D annual return of employee benefits
P 45 employee leaving

Company cars

Before 6 April 2011, the P11D code for a company car that had a petrol engine. This is now code A.

Tax code

Suffix for **tax code** used until 2009/10. It indicates that the taxpayer is entitled to the age allowance by being born before 6 April 1935. Such taxpayers now have the V suffix.

National insurance

From 6 April 2015, national insurance contribution letter to indicate that the employee is a mariner under 21 who has deferred rate contributions.

Previously, it was the equivalent to a contribution letter once used to indicate that an employee was the subject of a national insurance contributions holiday.

Other meanings

(1) Abbreviation sometimes used in an Act of Parliament to identify a person, eg Identity Documents Act 2010 ss4-6, now repealed.

(2) Probate, Divorce and Admiralty Division Law Reports, published from 1891 to 1971.

(3) Old Roman numeral for 400.

(4) Abbreviation: pula, currency of Botswana.

(5) Abbreviation: Philippine peso.

(6) Relevant profits as used in averaging formula in Income Tax (Trading and Other Income) Act 2005 s223(4).

P2P

Peer to peer, a description of lending between two individuals.

P2P platforms

"P2P platforms work by providing a connection and management service that puts lender (the investors) in contact with borrowers; the platforms themselves are not party to the loans being made" (Inspector's Manual at SAIM 12020).

P2P sector “The peer-to-peer lending sector (the P2P sector) enables individuals and businesses to lend to each other through the intermediary of an internet platform.” (Inspector’s Manual at SAIM 12020).

P9D Rare form used in the PAYE system to disclose expenses paid to employees who are not **P11D employees**.

The law is found in PAYE regulations SI 2003 No 2682 from reg 85.

The form is last used for 2016 (completed in 2017), after which almost all employees are taxed on benefits under P11D rules.

P11 Card or deductions sheet which records pay and tax deductions under manual forms of PAYE system. The card was square with one corner cut off for filing.

P11 calculator Calculator provided free by HMRC on the employer CD-ROM or website to calculate the value of benefits provided.

P11D Annual return of expenses for directors and employees who earn over £8,500.

The law is found in PAYE regulations SI 2003 No 2682 from reg 85.

This figure has remained unchanged from 1979. Previous limits are:

Date	P11D limit
6 April 1979	£8,500
6 April 1978	£7,500
6 April 1977	£5,000

P11D code Single letter used on a P11D form to indicate what type of fuel is used in a company car.

From 6 April 2011, only four letters are used:

- A: petrol and equivalent
- D: diesel
- E: electric
- H: hybrid.

Before 6 April 2011, the letters B, C, G L and P were

also used for various alternative fuels.

P11D employee

Widely used but unofficial term for an employee who comes within the scope of the P11D tax return.

Such an employee is one whose earnings are at least £8,500 a year (including taxable expenses) or who is a director (with a few exceptions).

Before 6 April 1989, the legislation referred to such people as "higher paid" employees.

This distinction is abolished from 6 April 2016, except that ministers of religion paid less than £8,500 are exempt from tax on benefit in kind such as accommodation.

P38(S)

Form that could be completed by a student working in the Easter, summer or Christmas vacations. It allowed the student to be paid without deduction of income tax under PAYE, provided their total income did not exceed the personal allowance for the year. If the Easter vacation spanned 6 April, separate forms had to be completed for each year.

The system was abolished with the introduction of real time information in 2013.

P45

Three-part form produced when an employee leaves for any reason.

The contents of it are as set out in PAYE Regulations SI 2003 No 2682 from reg 36.

P45ESA

Form that is completed by the Department of Work and Pensions when an award for employment and support allowance ceases (PAYE regulations SI 2003 No 2682 reg 184L).

P45U

Form that is completed by the Department of Work and Pensions when an award for a taxable social security benefit ceases (PAYE regulations SI 2003 No 2682 s158).

P46

Form that was completed by a new employee who does not provide the employer with a **P45 certificate**. It is no longer used from the introduction of real time information (in 2012 or 2013).

Details of the form were given in PAYE Regulations

SI 2003 No 2682 para 42ff.

- P46(car)** Form that an employer completes to tell HMRC about changes in a company car provided to an employee. This allows adjustments to be made to the employee's tax code. The form was discontinued from 6 April 2010, but was reintroduced in electronic form from 6 April 2011.
The law is PAYE regulations SI 2003 No 2682 s90(1).
- P46(pen)** Form used for a **new pensioner** who does not have a P45 certificate from a previous employment. Details of the form and its use are given in PAYE regulations SI 2003 No 2682 from reg 54.
- P47 limit** Limit on the amount of tax refund that could be given to a new employee on their first payslip, under the PAYE system. A larger refund needed permission from the tax office. Permission was requested on form P47 and given on form P48. The limit was abolished from 6 April 1996. It had been £200 from 6 April 1991; £100 from 6 April 1988; and £50 previously.
- P60** Statement of earnings and tax that an employer must provide to each employee in respect of each tax year by 1 June following the end of the tax year. The employee is advised to keep the form as evidence of pay and earnings.
The requirements of form P60 are set out in PAYE regulations SI 2003 No 2682 reg 67.
- P326** Form provided by the Post Office for use when a single packet is sent by a VAT-registered business to a business customer in another EU member state. This form is part of the documentary evidence needed to justify zero-rating such a supply. The matter is explained in VAT notice 725.
- PA** (1) personal assistant
(2) per annum
(3) **public accountant.**
(4) abbreviation used in Capital Allowances Act 2001 s212O in relation to balance sheet value pools.
- PA1** Primary authority under Regulatory Enforcement and Sanctions Act 2008 s29C(1)(b) as inserted by Enterprise

	Act 2016 s20.
PA2	Another qualifying regulator nominated as a primary authority under Regulatory Enforcement and Sanctions Act 2008 s29C(1)(b) as inserted by Enterprise Act 2016 s20.
paan	Mixture of betel nut, coconut, rose petals, sugar and honey, wrapped in betel leaves. The tribunal held that this could be zero-rated as food as it had nutritional value. It rejected Customs' view that the main ingredient, betel nut, was a stimulant rather than a food. <i>G R Soni [1980] VTD 897</i> .
pa'anga	Currency of Tonga.
PAB	ISO code for Panamanian balboa.
PACE	Police and Criminal Evidence Act 1984.
pace	Latin: by permission of.
PACE code of practice	One of several codes of practice issued under Police and Criminal Evidence Act 1984. There are eight such codes: <ul style="list-style-type: none">• A: searching a person who has not been arrested• B: searching premises and seizing property found• C: detention, treatment and questioning of suspects• D: identification of suspects• E: sound recording of interviews of suspects• F: visual recording of interviews of suspects• G: statutory powers of arrest• H: detention of terrorism suspects.
pace tua	Latin: by your leave.
Pacioli, Luca	A Venetian monk (c1446-1517) who first codified what became known as double entry bookkeeping in 1494.
package	(1) Goods wrapped so that they may be sent by post or courier.

(2) A collection of assets, attributes, rights or similar which are offered as one item.

(3) "In relation to beer, means to put beer into tanks, casks, kegs, cans, bottles or any other receptacles of a kind in which beer is distributed to wholesalers or retailers" (Alcoholic Liquor Duties Act 1979 s4(1)).

package deal

Agreement which deals with more than one issue.

package test

VAT term for a test which may allow a printer to zero-rate an entire consignment of material for a charity even though some of it would not be zero-rated if supplied separately.

The term is used in VAT leaflet 701/1 and is explained in leaflet 701/10.

packaged bank accounts

Bank accounts that come with benefits and are usually subject to a charge.

packaging

For VAT, "normal and necessary packaging" is treated as part of the supply of the packaged product. This include "ordinary tins, bottles and jars" (VAT notice 700).

If the packaging is more than normal and necessary, such as selling food in a re-usable storage container, it may be taxed separately.

packaging tape

Adhesive tape used for sealing cartons for delivery. The tape is often brown and 66mm wide.

packed lunch

Food prepared for eating later, often supplied by hotels.

From 1 July 1991 they are specifically standard-rated for VAT as a supply of **catering**.

packet

(1) Item prepared for posting or other delivery.

(2) Colloquialism for a high price.

pact

Agreement which the parties regard as binding though usually not legally enforceable.

pacta dant legem contractui

Latin: agreements constitute the law of contract.

pacta quae contra leges constitutionesque vel contra bonos mores fiunt, nullam vim habere, indubiati juris est

Latin: it is undoubted law that agreements which are

contrary to the laws and constitution, or contrary to good morals, have no force.

pactum illicitum

Latin: illicit pact.

pactum undum

Latin: pact without consideration.

pad

(1) Pile of sheets of paper loosely bound for making notes.
(2) "The drilling and extraction site" for extracting shale gas (Government consultation documents).
(3) Colloquial term for a residence.

pad allowance

Tax allowance provided for onshore capital expenditure to extract shale gas. It has the effect of reducing profits from around 62% to about 30%.

paddock

Enclosed field for grazing horses.

PAH

Polycyclic aromatic hydrocarbon, a pollutant.

paid basis

Tax term for provisions which take effect when an actual payment is made rather than where an accounting entry is made which does not transfer funds between parties.
The term is used in connection with such matters as interest on late payment of corporation tax by connected companies.

paid or incurred basis

Arrangement reached by some tax inspectors before 1999 that allowed expenses to be claimed in the period for which the expense was paid or incurred, regardless of the accounting treatment.
Such arrangements were informal but binding on the tax authorities. These arrangements have now generally been ended. The matter is discussed in the Inspectors' Manual at BIM42220.

paid or put at disposal by reason of the employment

Expression used in Income Tax (Earnings And Pensions) Act 2003 s71 for determining when a director or employee has received a payment which triggers a liability to tax.

paid up capital	Shares for which the shareholders have paid the whole nominal value; there are no unpaid calls.
paid up insurance	Insurance policy on which all required premiums have been paid.
paid up policy	Insurance policy where all the premiums have been paid.
paid up scheme	A pension scheme where no contributions are being paid, but which has assets that are held which may be used to provide benefits for the relevant scheme member.
paid up share	Share where the shareholder has provided all the sum required. There are no outstanding calls on the share.
paid work	In relation to criminal offences committed by a care worker, the term is defined in Criminal Justice and Courts Act 2015 s20(4).
PAIF	Property authorised investment fund.
paired share	<p>When a share in one company is paired with a share in another company for a particular purpose.</p> <p>An example was the provision for preferential share purchase by employees when they bought a share in National Power matched with a share in PowerGen when they were privatised in March 1991.</p>
paisa	One hundredth of a rupee, currency of India.
Paisley, Ian	Irish DUP politician (1926-2014) who was First Minister of Northern Ireland from 8 May 2007 to 5 June 2008.
Pakistan	<p>Eastern country. Its currency is the Pakistan rupee of 100 paisa. The UK has a double taxation convention of 1986.</p> <p>Payments of a pension made under Pensions (India, Pakistan and Burma) Act 1955 may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s654.</p>
paktong	Nickel-silver.
Palau	Island state in Philippine Sea that became independent in 1994. Its currency is the US dollar of 100 cents. The UK

has no double taxation treaty.

Palestine	Territory in the Middle East which is partly recognised as a state. It has observer status at United Nations. It does not have its own currency but uses the Egyptian pound, Israeli shekel and Jordanian dinar. The UK has no double taxation treaty.
palimony	Equivalent to alimony claimed by one party from the other in an established partnership but which is not a marriage or civil partnership.
palimpsest	Parchment of other writing material on which the original text has been erased and another written.
palladium	Element that is a precious metal.
pallet	Hollow wooden box-like structure designed so that goods stacked on it may be moved by a forklift truck.
palliative care charity	<p>“Means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional to persons who are in need of such care as a result of having a terminal illness” (Value Added Tax 1994 s33D(1)).</p> <p>A medical professional for these purposes is a doctor or nurse (ibid s33D(2)).</p> <p>From 1 April 2015, such a charity may claim back VAT input tax.</p>
palm	(1) Old measure of width equal to about four inches. (2) Colloquial term for bribe.
palm-grease	Colloquial term for a bribe.
pan	Process of washing small amounts of mineral in a shallow dish to extract gold.
Panama	South American country. Its currency is the balboa of 100 centésimos, though the US dollar is also widely used. The UK has a double taxation convention of 2013.
Panama papers	Term coined in 2016 for a set of 11.5 million leaked documents from the Panamanian law firm Mossack

Fonseca regarding 214,000 offshore companies. The papers were leaked to investigative journalists in 2015 and were made public. They showed that many world leaders and leading companies had hidden funds in Panama, often avoiding tax. The prime minister was forced to resign. British prime minister David Cameron's father Ian Cameron was found to have set up a business in Panama from which David Cameron benefited but did not break any law.

panatella

Long thin cigar, subject to tobacco duty at the rate for cigars.

pandemic

Outbreak of illness that affects a large number of people. Rules regarding **statutory sick pay** may be relaxed during a pandemic.

Panel on Takeovers and Mergers (POTAM)

Body now regulated under Companies Act 2006 s942 for purposes outlined in following sections. It was originally formed in 1968.

Its "main functions are to issue and administer the City Code on Takeovers and Mergers (the Code) and to supervise and regulate takeovers and other matters to which the Code applies. Its central objective is to ensure fair treatment for all shareholders in takeover bids.

"The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers under the EC Directive on Takeover Bids (2004/25/EC)" (Panel's website).

panic buying

Rush to buy an item where it is believed that may soon be a shortage. Such behaviour can become a self-fulfilling prophecy.

panini

For VAT, the issue is whether they are intended to be eaten hot (making them standard-rated hot takeaway food) or are zero-rated food.

They were held to be zero-rated food in *R J Warren [2006] VTD 19902* but standard-rated hot takeaway food in *Coffee Republic plc [2006] VTD 20150*.

The latter decision is probably the better one.

pannage	The right to pasture swine in a forest.
pantehnicon	Furniture van.
panty liner	For VAT, this is generally reduced-rated for sanitary protection but standard-rated for incontinence (Value Added Tax 1994 Sch 7A Group 4). Details are given in VAT notice 701/18.
PAP	Production Account Point. For tobacco duty , the precise, clearly defined point through which all tobacco products are channelled and where the production account is raised.
papacy	Office of the Pope.
paper	In finance, the term is also used for documents which exist on paper, such as share certificates or bills of exchange.
paper candidate	Person who stands in an election with no serious thought of being elected but simply to ensure that their party is represented. A paper candidate usually makes little effort to canvass support.
paper credit	Credit allowed on bills, promissory notes and similar showing that money is due to the borrower.
paper for paper relief	In capital gains tax, a relief given in Taxation of Capital Gains Act 1992 s169N(4) where a security is disposed of for another security.
paper gold	Colloquial name for special drawing rights (SDR) . SDR were developed as an alternative to gold for large international transactions. This was traditionally done in gold, but as the world stock of gold was finite, some additional form of international currency was required.
paper loss	Loss made according to accounting adjustments but which is not reflected by any loss in cash. A common example is when an asset falls in value.

paper migration	Change of country of residence where there is no actual movement by the person. An example is where a person has residences in two countries and changes the one regarded as their main residence.
paper millionaire	Person who owns shares and other securities worth at least one million pounds (or one million of any other currency).
paper money	Cash in the form of banknotes, as against coins.
paper offer	Takeover bid where a company offers its own shares as a replacement for shares in the acquiree company.
paper people	People who exist only on paper. These are usually false second and subsequent identities created to make additional claims for social security or for a similar nefarious purpose. The method usually involves obtaining a birth certificate for a person of the same sex born at a similar time and who died in infancy. This can then be used to obtain false driving licence, passport and other documents.
paper profit	Profit which arises from accounting adjustments but which is not reflected by any additional cash. A common example is when an asset is revalued.
Papua New Guinea	Country in Pacific Ocean. Its currency is the kina of 100 toea. The UK has a double taxation agreement of 1991.
PAR	(1) In relation to taxation of cemeteries and crematoria , the number of plots available at the end of the accounting period (Corporation Tax Act 2009 s148 and Income Tax (Trading and Other Income) Act 2005 s171(1)). (2) Practice Assurance Regulations, of Institute of Chartered Accountants in England and Wales.
par	At the same value or price. The term is commonly used for shares .

Paraguay	South American country. Its currency is the guarani of 100 céntimos. The UK has no double taxation treaty.
par avion	French: by airmail.
para	Abbreviation: paragraph. The term is widely used for sections of a Statutory Instrument or of a Schedule to an Act of Parliament.
paraflow	Heat exchange device used in brewing.
parage	Latin: equality of blood, name or dignity.
paragium	Latin: equality of blood, name or dignity.
paragraph (b) associate	In relation to PAYE debts of a managed service company, “means a person who — (a) is within section 688A(2)(d) [of Income Tax (Earnings and Pensions) Act 2003], and (b) is within that provision by virtue of a connection with a person who is within section 688A(2)(b)” (PAYE regulations SI 2003 No 2682 s97ZA(1)).
paragraph (c) associate	In relation to PAYE debts of a managed service company, “means a person who— (a) is within section 688A(2)(d) [of Income Tax (Earnings and Pensions) Act 2003], and (b) is within that provision by virtue of a connection with a person who is within section 688A(2)(c)” (PAYE regulations SI 2003 No 2682 s977ZA(1)).
Paraguay	South American state. Its currency is the guarani.
parallel running	Operating two systems together as part of the process of moving from one system to the other, such as computerisation . It is also known as dual running .
parallel trade goods	“Goods manufactured with the consent of the right-holder , but marketed without such consent” (Customs notice 34). Customs may seize such goods.
parcel of shares	Fixed number of shares considered as a single entity.

parcener Co-heir.

parchment Writing material made from the skin of an animal.

parent

People

Mother or father. For most legal and financial purposes, this includes someone who has adopted a child, or a **guardian**.

There are several tax provisions relating to parenthood. These are explained in the entry for **child**.

In relation to free childcare, the term "includes any individual who —

- (a) has parental responsibility for the child, or
- (b) has care of the child" (Children Act 2016

s1(9)).

For inheritance tax and a trust for a bereaved minor, the term is defined in Inheritance Tax Act 1984 s71H. It broadly means anyone who has (or had) parental responsibility for the child. It includes a guardian and step-parent.

Companies

"An entity that has one or more subsidiaries" (FRS 102 glossary).

parental control

In computing, software that allows adults to restrict websites to which children may gain access.

parental leave

Definition

Right given to parents to take unpaid parental leave from work in certain closely defined circumstances. The right is given from 15 December 1999 in Employment Rights Act 1996 ss76-79. This right is in addition to **maternity leave**, **paternity leave** and **time off for dependants**. There is also a right to request **flexible working**.

Conditions

The main conditions of parental leave are:

- the employee must have worked for at least one year;
- the leave must be to care for a child;
- the parent must have **parental responsibility** for the child;
- the child must be either disabled or under

five years old;

- the parent must give 28 days' notice (with some exceptions).

Caring for a child includes spending time with very young children, accompanying a child to hospital, checking out a new school, settling a child into new care arrangements, and taking a child to stay with grandparents.

Maximum period

The parent is entitled to up to 13 weeks' unpaid leave, 18 weeks if the child is disabled. Although the parent is not paid, other contractual rights continue. The employee is entitled to return to the same job or an equivalent job, and not to suffer any detriment in employment.

The amount of leave is per child; it is not an annual limit. So an employee who has taken eight weeks' parental leave in the child's first year, only has five weeks' remaining leave even if the parent changes job. There is no mechanism for ensuring compliance.

Parental leave may only be taken in whole weeks. Any leave taken in a week counts as one week, even if for just one day.

Employer's position

An employer may make a **parental leave agreement**.

The employer may require the parent to produce evidence to justify parental leave. In some cases, the employer may have the power to postpone the leave.

These provisions only apply to the *statutory* right. An employer and employee may agree additional contractual or discretionary arrangements on whatever terms they wish. Such leave is usually known as **compassionate leave**.

parental leave agreement

An arrangement made between an employer and employees regarding **parental leave**.

There are four types of agreement which may be made. The employer and employees may agree to:

- an individual agreement;
- a collective agreement; or
- a workforce agreement.

If no agreement is reached, a statutory arrangement applies.

An individual agreement is made between an employer and one employee and becomes part of that employee's contract of employment.

A collective agreement is made between the employer and a recognised trade union. A workforce agreement is similar to a collective agreement when there is no recognised trade union.

parental responsibility

The responsibility a parent has for a child under 18 years old. This must be established for a parent to be able to claim **parental leave**.

The term "means all the rights, duties, powers, responsibilities and authority which by law a parent has in relation to the child and his property" (Children Act 1989 s3(1)).

Under parental leave, the mother always has parental responsibility. A father has parental responsibility if:

- he was married to the mother when the child was born;
- a court has made an order of parental responsibility;
- he has a formal agreement with the mother.

A person does not have to live with the child or the mother to have parental responsibility.

A person who adopts a child assumes parental responsibility.

parent body

Body to which another body is accountable.

parent company

Company which controls one or more subsidiaries in a group. It usually has the same meaning as **parent undertaking**.

For Companies Acts, the term "means a company that is a parent undertaking (see section 1162 and Schedule 7)" (Companies Act 2006 s1173(1)).

parent entity

For the purposes of the bank levy, the holding company of a bank (Finance Act 2011 Sch 19 para 4).

parenthesis

Words in brackets, or the brackets themselves.

parenting leave

Maternity leave, paternity leave, adoption leave and any other leave that relates to parenting required by law or

allowed by the employer.

The term is used in relation to **statutory residence test**.

parent or remoter forebear Term used in some Acts of Parliament to mean ancestor. The word means, parent, grandparent, great-grandparent, great-great-grandparent etc.

Parents' Week Annual week-long celebration of parents and families organised since 1999 by the Family and Childcare Trust and its predecessors.

parent undertaking "An undertaking is the parent undertaking of another undertaking (the **subsidiary undertaking**) if any of the following apply:

- (a) it holds a majority of the voting rights in the undertaking;
- (b) it is a member of the undertaking and has the right to appoint or remove directors at meetings of the board on all, or substantially all, matters;
- (c) it has the right to exercise a **dominant influence** over the undertaking:
 - (i) by virtue of provisions contained in the undertaking's memorandum or articles; or
 - (ii) by virtue of a **control contract**. The control contract must be in writing and be of a kind authorised by the memorandum or articles of the controlled undertaking. It must also be permitted by the law under which that undertaking is established;
- (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking;
- (e) it has a **participating interest** in the undertaking and:
 - (i) it actually exercises a **dominant influence** over the undertaking; or
 - (ii) it and the undertaking are **managed on a unified basis**;
- (f) a parent undertaking is also treated as the parent undertaking of the subsidiary undertakings of its subsidiary undertakings" (FRS 2 para 14, which continues which an explanation of **member of another undertaking**)."

A similar definition appears in Companies Act 2006 s1162.

parent with care

Parent who looks after a child and who usually receives payments from the other parent, known as the **non-resident parent**.

Note that the correct term is "parent with care", not caring parent.

Pareto principle

Observable phenomenon that in many situations, 80% of the effects come from 20% of the causes. An example is a company that earns 80% of its profits from 20% of its products. It is a widely used rule of thumb in business management.

The term comes from the Italian economist (1848-1923) who first postulated the principle in 1906.

par excellence

French: as an example of excellence.

pariah

Member of the lowest caste in India; an outcast. By extension, the term is referred to any person or entity that is regarded as socially unacceptable, such as in the term pariah state.

pari mutuel

French: mutual stake.

In betting, a totalizator whereby the stakes are distributed as winnings after management expenses and taxes have been deducted.

pari passu

Latin: "with equal step". Applies to the principle that creditors in the same rank are paid at the same rate from distributions in an insolvency.

Paris Club

Ad hoc forum of creditor governments that meet to discuss debt owed to them.

parish

District that has its own church. It is still used as the basic unit of area in the Church of England. It may also be used for civic administration. From 1 July 1837, the church's vestry became separate from the civil parish under Registration Act 1836. There are 10,479 civil parishes and 12,557 ecclesiastical parishes in England.

parish clerk	Person who takes the minutes and deals with administrative matters of a parish council. From 6 April 2011, such a person must be taxed as an employee.
parish tax	An experimental tax of 1371 which led to the poll tax .
parity	<p>Equality, such as when shares are trading at their nominal value.</p> <p>In option trading, the term describes an option contract's total premium when that premium is the same amount as its intrinsic value.</p>
parity check	Additional part of a word, number or code used in computing to check the validity of the whole word etc. The last two digits of a VAT registration number are a parity check.
parity ratio	In investment, a measure of the intrinsic value of a warrant.
parking fine	<p>Fine for illegal parking of a vehicle, such as not paying, exceeding the time limit, not parking in a proper space, and similar.</p> <p>Where an employer pays a parking fine incurred by an employee, HMRC says this is a taxable benefit to the employee if the fine was handed to the employee at the time or if the car belongs to the employee. It is not a taxable benefit if the fine was paid by the employer as registered owner (Inspectors' Manual at BIM42520).</p>
parking space	The provision of a parking space near work is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s266(1)).
Parkinson's Law	Satirical observation that the amount of work done is in inverse proportion to the people doing it. This was promulgated by C Northcote Parkison in 1957. Although intended humorously, it is now an accepted business truth.
parlay	Bet a stake plus winnings or investment plus earnings to obtain a greater reward.

Parliament	House of Commons and House of Lords. It is the place where statutes are made and matters of national importance discussed.
Parliamentary annuities	Annual amounts paid to individuals on the instructions of Parliament. The main recipients were members of the Royal Family other than the Queen herself. From 1993, the Queen reimbursed the Treasury. From 2011, these annuities are abolished with the sole exception of that for the Duke of Edinburgh which is paid directly from the Consolidated Fund.
Parliamentary pension funds	Funds set up under House of Commons Members' Fund Act 1939. Its tax treatment is set out in Income and Corporation Taxes Act 1988 s613.
parochial	Pertaining to a parish.
parochial charity	Charity that relates to a parish or property within it. Legal provisions are contained in Charities Act 2011 from s298.
parole	Temporary release of a prisoner from custody while still serving a sentence.
Parole Board	Board that determines whether a prisoner may be released on parole.
parrot	Endangered bird. The importation of the bird or its products is generally prohibited under CITES convention .
parsimony	Meanness in spending money.
Part	A section of a Chapter of an Act of Parliament.
Part 4 charges	Taxes on savings and investment income as set out in Part 4 of Income Tax (Trading and Other Income) Act 2005 from s365.
Part 4 TIOPA amount	In relation to transfer of intangible assets not at arm's length, "means the amount which, following the application of Part 4 of TIOPA [Taxation (International and Other Provisions) Act 2010] in relation to the consideration for the transfer, is brought into account in

respect of the consideration for the purposes of corporation tax" (Corporation Tax Act 2009 s846(1C) as inserted by Finance (No 2) Act 2015 s42(1)).

Part 5 one-way exchange effect provisions

Provisions set out in Corporation Tax Act 2009 ss328A-328H.

Part 6 asset

In relation to a fixture for which research and development allowance has been claimed, the asset represented by such fixture (Capital Allowances Act 2001 s187(1)(b))

Part 6 expenditure

In relation to a fixture for which research and development allowance has been claimed, the amount of such claim (Capital Allowances Act 2001 s187(1)(a)).

Part 7 one-way exchange effect provisions

Provisions set out in Corporation Tax Act 2009 from s606H.

part delivery (or part release) Delivery by a **Transit Shed Operator** of part of a Customs released consignment.

part disposal

For inheritance tax provisions, the term "means a disposal of property which does not consist of or include the whole of each property which is one of **associated properties** and of which there has been a **conditionally exempt transfer**" (Inheritance Tax Act 1984 s32A(6)).

For capital gains tax, "there is a part disposal of an asset where an interest or right in or over the asset is created by the disposal, as well as where it subsists before the disposal, and generally, there is a part disposal of an asset where, on a person making a disposal, any description of property derived from the asset remains undisposed of" (Taxation of Capital Gains Act 1992 s21(2)(b)).

Provisions for capital gains tax are given in Taxation of Capital Gains Act 1992 from s242. Part disposals of long-funded plant and machinery are given in Taxation of Capital Gains Act 1992 s42.

part EAS	Employment alignment submission (EAS) that is made under PAYE real time information for part of a payroll.
part exchange	<p>Sales method which involves taking in an old item as part payment for a new item. This method is particularly common for selling cars, where the old car may be accepted as part payment of a new car. The old car is often accepted at a value above its second-hand price as a means of clinching the sale.</p> <p>For the purposes of income tax or corporation tax, the car must be valued as part of the purchase price. From August 1994 this may be at the car's trade value and need not be at a higher price allowed to clinch the sale.</p>
Parthian shot	Arrow fired on a pursuer by someone fleeing on horseback, a habit of Parthian soldiers. By extension the term means any final attack by someone who has already lost, such as a criticism by an employee who has been dismissed.
part shipment	The description for each of the two or more parts of a split export consignment.
partial depreciation subsidy	<p>"Means a sum which —</p> <ul style="list-style-type: none">(a) is payable directly or indirectly to a person who has incurred qualifying expenditure for the purposes of a qualifying activity,(b) is in respect of, or takes account of, part of the depreciation of the plant or machinery resulting from its use for the purposes of that activity, and(c) does not fall to be taken into account as income of that person or in calculating the profits of any qualifying activity carried on by him"<p>(Capital Allowances Act 2001 s209).</p>
partial disability	A disability which is less than total (according to the particular definition relating to the contract in question) but still sufficient to hamper the individual in his or her occupation.
partial exemption (PE)	<p>VAT</p> <p>In VAT, the procedure which may be required when a VAT-registered trader makes both taxable and exempt</p>

supplies. (Taxable supplies include zero-rated supplies.) Partial exemption seeks to restrict the amount of input tax which the trader may claim on the VAT return, either as a deduction from the output tax payable or as a repayment from, HMRC. Banks and other financial institutions are always partially exempt.

The principle is simple. Suppose a trader has taxable supplies of £200,000 and exempt supplies £100,000 and incurs input tax of £60,000. Two-thirds of the output is taxable, so only two-thirds of the input tax may be claimed. In this example, £40,000. The other £20,000 is an additional cost to the trader.

While the principle is simple, the operation is notoriously complex.

Some small traders may be excused partial exemption if:

- their average monthly input tax does not exceed £625 (unchanged from 1994); and
- the exempt input tax does not exceed 50% of VAT on all purchases (introduced to counter the **toothbrush scheme**).

Such traders may claim back all their input tax and need not be concerned about partial exemption.

For other traders, the **standard method** is normally used unless a **special method** can be justified.

Supplies and their related purchases are excluded if they can be exactly matched, such as if a bank sells money boxes. Some other supplies are also excluded (such as leases). From this a percentage is calculated according to a detailed procedure based on previous figures. The percentage determines how much input tax may be claimed back. This is subject to an **annual adjustment** which amends the input tax claimed in the light of figures for the current year.

Where the standard method is not appropriate, a **special method** may be agreed with HMRC. From 17 April 2002, HMRC may use the **standard method override** where, exceptionally, the trader is using the standard method and it does not give a fair apportionment of tax.

Partial exemption has been part of the VAT system since the tax was introduced in 1973. The present system was introduced on 1 May 1992. There was another revision in 1987. In particular, it should be noted that what is now called the standard method was known as

the special method between 1987 and 1992.

Income tax

Term used in Income Tax Act 2007 ss741-742 in relation to anti-avoidance provisions for **assets transferred abroad**.

partial exemption method

A method used to apportion residual input tax under **partial exemption**.

partial intestacy

When not all a person's property can pass on their death under the terms of a **will**. This is usually because property has been overlooked (such as when there is no **residuary legatee**), or when a provision fails for any reason.

The property which does not pass in accordance with the will passes under the provisions of the Administration of Estates Act 1925 and subsequent legislation.

partial rejection of goods

A consumer's right as set out in Consumer Rights Act 2015 s21.

partially sighted

Person who has very poor sight but who is not severely sight impaired. Such a person may be registered as blind, and be eligible for blind person's allowance and other disability provisions.

partial rejection

Where a buyer of goods has the right to reject some of the goods.

Sale of Goods Act 1979 s35A states that in such circumstances, the buyer does not lose the right to reject the rest of the goods. In the absence of a specific provision, the buyer must either accept or reject all the goods.

particeps criminis

Latin: partner in crime. Person who shares in a crime; accessory.

participating dividend

"A dividend (or part of a dividend) on a **non-equity share** that, in accordance with a company's memorandum and articles of association, is always equivalent to a fixed multiple of the dividend payable on an equity share" (FRS 4 para 13).

participating equity holders In relation to distribution rights of a company being wound up, means
“the equity holders of company B [being wound up] —
(a) to whom the profit distribution would be made,
or
(b) who would be entitled to participate in the notional winding up”
(Corporation Tax Act 2010 s169(2)).

participating interest

Accounting standard FRS 102

This expression is not used in current UK generally accepted accounting practice. Instead FRS 102 section 9 talks of subsidiaries and associate companies, and the amount of control needed to so classify them.

The term was used in previous accounting standards.

Accounting standard FRS 2

“An interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of **control** or influence arising from or related to that interest.

(a) A holding of 20% or more of the shares of an undertaking shall be presumed to be a participating interest unless the contrary is shown.

(b) An interest in shares includes an interest which is convertible into shares, and includes an option to acquire shares or any interest which is convertible into shares.

(c) An interest held on behalf of an undertaking shall be treated as held by that undertaking” (FRS 2 para 15).

The company in which a participating interest is sometimes known as an **associated company**.

Accounting standard FRS 9

“An interest held in the shares of another entity on a long-term basis for the purpose of securing a contribution to the investor’s activities by the exercise of **control** or influence arising from or related to that interest. The investor’s interest must, therefore be a beneficial one and the benefits expected to arise must be linked to the exercise of its **significant influence** over the investee’s

operating and financial policies. An interest in the shares of another includes an interest convertible into an interest in shares or an option to acquire shares.

“Companies legislation provides that a holding of 20 per cent or more of the shares of an entity is to be presumed to be a participating interest unless the contrary is shown. The presumption is rebutted if the interest is either not long-term or not beneficial.” (FRS 9 para 4).

participating life insurance

Life insurance policy which pays bonuses, in effect dividends from the insurer's profits, to policy holders. This increases the sum assured.

participating plan

Any form of investment or (more usually) insurance in which the holder receives bonuses based on the profit of the investee company or insurer.

participating preference share

Preference share where the shareholder receives a share of profits in addition to the fixed dividend.

participation charge or fee

A payment which allows players to take part in a game. It is separate from and additional to the payment for cards. The maximum charges are laid down by the Gaming Act 1968 and the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.

participation condition

Term used for diverted profits tax, whose provisions are set out in Finance Act 2015 from s106.

participation quiz

Another name for a **television quiz**.

participative budgeting

Budget process which involves consultation with those affected.

participator

For companies, “a person having a share or interest in the capital or income of the company, and, without prejudice to the generality of the preceding words, includes:
(a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;
(b) any loan creditor of the company;
(c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company... to loan creditors by way of premium on

redemption;

(d) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied directly or indirectly for his benefit." (Income and Corporation Taxes Act 1988 s417(1)).

The definition includes an **associate** of the participator.

[Note that the word "participant" is used in other contexts for someone who participates in something.]

particular criminal conduct	Conduct which relates to offences for which a person has been convicted, of which a person was convicted at the same time as other offences, or which a court took into consideration when passing sentence (Proceeds of Crime Act 2002 s76(3)).
participatory budgeting	Alternative form of participative budgeting , particularly when undertaken by a public body.
particulars delivered stamp	Fixed rate stamp duty to confirm that particulars have been provided to HMRC of a transfer of land where no ad valorem duty is payable.
particulars of claim	Details which support a legal action.
particulate matter (PM)	<p>Fine particles of soot as produced in the exhaust of older vehicles. PM may be reduced by fitting a filter. Diesel engines produce soot particulates.</p> <p>The amount of PM can determine whether a vehicle must pay to enter the Low Emission Zone.</p>
partim	Latin: in part.
partisan	Person or description of a policy that is identifiable with a particular political party.
partition	<p>Plant</p> <p>In building, a form of sliding screen used to divide up larger rooms for separate uses. These may qualify for a capital allowance as plant and machinery, see partition walls.</p>

Politics

In politics, the division of a territory into areas for separate administration, as happened in Ireland.

partition walls

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

Partitioning designed to make arrangements within a building flexible were held to be plant in the case *Jarrold v John Good & Sons Ltd [1963] CA 40 TC 681*.

partly paid shares

Shares in which the subscribing shareholders have not paid the full amount. Sometimes a subscription allows for payment in calls. Until the last call is paid, the shares are partly paid. If a shareholder fails to pay a call, the shares are forfeited.

partner

Person with whom one is associated in some way. This may be family, as in a husband or wife; or in business as in a business **partnership**. Generally a partner, in either sense, is a **connected person** for tax purposes.

partnered mother

Mother who has a husband or equivalent partner.

Under Welfare Reform Act 2011, a partnered mother is expected to seek paid work before being able to claim social security benefits.

partneriaeth atebiolrwydd cyfyngedig

Welsh: limited liability partnership.

partneriaeth cyfyngedig

Welsh: limited partnership.

partner payment notice

Notice issued to a partner to pay tax when a tax avoidance scheme has failed. It is the equivalent of an **accelerated payment notice**.

Such notices are issued under Finance Act 2014 Sch 32.

The legal consequences of such a notice were considered in *Eamonn Dunne and Vincent Gray v CRC. QBD [2015]*

partners at the time of the event

In relation to capital allowances on leases, "means the

person or persons carrying on the qualifying activity at the time of the event in question" (Capital Allowances Act 2001 s263(2)).

partnership

"The relationship which subsists between persons carrying on a business in common with a view to making a profit" (Partnership Act 1890 s1(1)).

Under English law, a partnership is not a legal person, but is in effect two or more sole traders working together. A partnership is a legal person under Scots law.

For capital gains tax, partners are assessed separately (Taxation of Capital Gains Act 1992 s59).

For VAT, a partnership may register as a body separate from its partners (Value Added Tax Act 1994 s45).

A partnership is sometimes called an ordinary partnership, to distinguish it from a **limited partnership** and a **limited liability partnership**.

A partnership may trade under the surnames of the partners, with or without initials or first names, under the provisions of Companies Act 2006 s1192(3).

partnership at will

Partnership that has no fixed term for its duration. Any partner may end the partnership simply by giving notice to the other partners (Partnership Act 1890 s26(1)).

partnership deed

Document setting out the agreement of the partners on how the partnership is to be conducted (including the arrangements for sharing profits and losses).

partnership law

Legislation which governs the conduct of a partnership and which should be used where no partnership deed has been written. The main law is Partnership Act 1890.

partnership property

All property, rights and similar interests of a partnership. This includes profits earned by the partnership (Partnership Act 1890 s20(1)).

partnership return

Tax return which must be submitted by a partnership under Taxes Management Act 1970 s12AA.

partnerships involving companies

Corporation tax provisions are given in Corporation Tax Act 2009 from s380.

Special provisions for certain embedded derivatives are given in Corporation Tax Act 2009 from s619.

partnership statement	Document stating amounts of taxable income received by a partnership. Taxes Management Act 1970 s12AB requires such a statement to be sent to HMRC with the partnership return .
part of a business	<p>Trading entity carved out of a business, such as a division or department of a company.</p> <p>The part must itself be capable of trading. In other words, a distinction must be made between part of a business and assets of a business. The term was particularly relevant in claiming retirement relief (no longer available) for capital gains tax.</p>
parts 2 and 3 of Form P45	<p>“Means —</p> <ul style="list-style-type: none">(a) the Parts 2 and 3 of the Form P45 provided to the employee or claimant (as the case may be) in accordance with regulation 36,(b) the Parts 2 and 3 of the Form P45 provided to the claimant in accordance with regulation 159 (cessation of award: Form P45U), or(c) the Parts 2 and 3 of the Form P45 provided to the claimant in accordance with regulation 184L (cessation of award: Form P45ESA).” <p>(PAYE regulations SI 2003 No 2682 reg 215).</p>
part-timer	Someone working less than a full working week. The law requires part-timers to be treated as well as full-timers.
part-unit	Part of a commonhold unit . This is generally not legally possible under Commonhold and Leasehold Reform Act 2002 s21.
part work	<p>Series of publications that builds up into a book. By concession, such works are zero-rated for VAT under Value Added Tax Act 1994 Sch 8 Group 3, as explained in VAT notice 701/10. Amendments to part works are also zero-rated.</p> <p>Where the part work comprises a magazine, it may be separately zero-rated as such.</p>

party	(1) Person who is involved in a legal arrangement. (2) Social gathering. There are income tax implications when provided by a business.
party plan selling	Scheme under which a company appoints distributors who in turn, appoint sub-distributors who act as hosts or hostesses of a party to supply company goods. The sub-distributor makes the sale, and pays the distributor a percentage of the proceeds, keeping the balance as commission. In a case concerning Tupperware parties, the Court of Appeal held that the supplier was the sub-distributor, and not the distributor. The significance of the case is that sub-distributors' sales figures were typically below the VAT registration threshold. (<i>P & R Potter v Customs and Excise</i> . CA [1985] STC 45).
party trays	Tray with food provided for immediate consumption with little if any additional preparation by the customer. For VAT, this is generally regarded as a supply of food and not of catering. A leading case is <i>C&E v Safeway Stores plc</i> . QB [1996] STC 163.
par value	The nominal value of a share. It is usually the price at which the share was first issued. It usually bears little relationship to the market value.
parvenu	Perjorative term for an upstart, someone who has suddenly acquired wealth.
PAS	(1) Pipeline Adjustment Statement . (2) Planning Advisory Service (3) Penalties and Appeals System.
pascal	Unit of pressure.
Pasch	Passover. A Jewish festival celebrated at Easter.
pass book	Book of recorded transactions, traditionally issued by a bank or building society for the customer to keep as a record of the account's running balance.
passed dividend	Non-payment of a dividend by a company, usually because of poor profits. A passed dividend usually leads

to a significant reduction in share value.

passenger

For air passenger duty, "in relation to any aircraft, means any person carried on the aircraft other than —

(a) a member of the flight crew

(b) a cabin attendant; or

(c) a person who is not carried for **reward** and who satisfies such other requirements as may be prescribed" (Finance Act 1994 s43(1)).

passenger carrying vehicle (PCV)

Vehicle with nine or more passenger seats, such as minibus or bus. Generally such a vehicle may only be driven by someone with a category D or D1 driving licence, though there are some exceptions.

passenger-mile

One mile travelled by one passenger. It is a measure of transport usage. So one passenger travelling six miles, and five other passengers each travelling two miles gives a total of 16 passenger-miles.

Passenger Number Reference (PNR)

Reference code used by airlines in computer booking system as an alternative to paper tickets.

Their implication for air passenger duty was considered by the Upper Tier Tribunal in the case *Ryanair Ltd [2013] UKUT 0176 (TCC)*.

passenger payments

Addition to **mileage allowance** which may be paid tax-free to an employee who carries a fellow employee in the car or van (Income Tax (Earnings And Pensions) Act 2003 s233).

Such an addition is tax-free to a limit that has been 5p since its introduction in 2002. Unlike the mileage allowance, an employee cannot claim tax relief for any non-payment or underpayment by the employer.

passenger transport

Transport in a vehicle available to the public. In general, if the vehicle can carry at least 10 passengers, the transport cost is zero-rated under Value Added Tax Act 1994 Sch 8. This generally means that bus and train fares are exempt but taxi fares are not.

The transport must be for the purpose of going somewhere, so fairground rides and ski lifts are not zero-

rated. However conducted tours are zero-rated.

passenger transport undertaking

"An undertaking whose business consists wholly or mainly in the carriage of passengers or a subsidiary of such an undertaking" (Income Tax (Earnings And Pensions) Act 2003 s86(3)).

passenger vehicle

This is specifically exempt from capital gains tax under Taxation of Capital Gains Act 1992 s263.

passenger vessel

"Vessel which is carrying or expected to carry at least one passenger" (Gambling Act 2005 s353).

passe-partout

French: pass over all. A master key or similar device which allows a person access anywhere.

passim

Latin: in various places. The term is used to indicate that further material on the subject is found throughout the book.

passing

In contract law, the stage when the ownership of the goods is transferred from the seller to the buyer.

The general rule is that the property passes when the parties intended it to pass (Sale of Goods Act 1979 s17).

passing of risk

Point at which the risk in goods passes from trader to customer.

For consumer contracts, the law is given in Consumer Rights Act 2015 s29.

passive fund

Collective investment fund that aims to track the index rather than beat it.

passive investor

Person who owns shares or equivalent interest in a business but who plays no part in its management. Such a person is sometimes called a **sleeping partner**.

passport

Document issued by a government to its citizens asking other countries to admit the citizen to whom it is issued.

passport benefit

Social security benefit to which a claimant is entitled as a consequence of receiving another benefit.

passport loan	Loan made by an overseas corporate lender to a UK borrower under the double taxation treaty passport scheme .
password	Secret combination of numbers and letters giving its holder access to a computer file or similar.
past consideration	Benefit which has already been provided to someone. This cannot be the basis of consideration in a new contract.
past owner	Someone who previously owned an asset. A specific definition is given in Capital Allowances Act 2001 s187A(2).
past service costs	Additional pension liability incurred by a pension provider in respect of a particular employee.
past trustees	There is a specific capital gains tax provision in Taxation of Capital Gains Act 1992 s82.
pasturage	Business or feeding or grazing cattle.
pataca	Currency of Macao.
patchboard	Board of many electrical sockets into which connections may be made by inserting a plug at each end of an electrical lead.
patent	<p>Form of intellectual property relating to the right to market an invention. The inventor deposits details of the invention at the Patents Office, where it is publicly accessible. In return, the inventor has a period of 20 years in which the invention may only be marketed by himself or someone he has licensed.</p> <p>The patent period was 17 years before 1 April 1986.</p> <p>Someone with a current patent receives patent royalty receipts.</p> <p>Customs may seize any imported goods that infringe a patent.</p> <p>There is a special capital allowance for patents. From 1 April 1986 this attracts a 25% writing down allowance.</p>

Between 1 April 1946 and 31 March 1986, patent capital allowance was the capital cost written off in 17 equal annual instalments.

A company may be able to claim tax relief for expenses connected with patents (Corporation Tax Act 2009 s89).

From 1 April 2013, companies may, subject to a transitional period, be able to pay an effective rate of corporation tax of 10% on income from exploiting patents under provisions of the **patent box**.

patentable invention Invention for which a patent may be granted (Patents Act 1977 s130(1)).

Such an invention must be:

- new,
- involve an inventive step (ie not be obvious),

and

- be capable of industrial application.

patent ambiguity Word or expression which can clearly be seen on the face of a document to have more than one meaning, as against a **latent ambiguity**.

patent box Change to corporation tax from 1 April 2013. Its aim is that profits from exploiting a patent are subject to an effective corporation tax rate of 10%.

patent box deduction Fraction that is used to reduce the amount of **relevant intellectual property income** within the patent box regime so that the effective rate of corporation tax is 10%.

For a corporation tax rate of 23%, the deduction is 13/23.

Patent Co-operation Treaty Treaty signed in Washington on 19 June 1970, where all signatory countries agree to protect the patents granted in any other signatory country. In the UK, this is given effect by Patents Act 1977 s130(1).

patentee Person to whom a patent is granted.

patent infringing goods "Any goods that will infringe a patent under UK law or a supplementary protection certificate (SPC) under EC law" (Customs notice 34).

Customs may seize such goods.

Patent Office Official depository of patents. It was established in 1853.

patent royalties Payments for use of a patent.
It is ordinarily an allowable expenses by the payer, and taxable income for the recipient.
There is a provision for spreading patent royalty receipts in Income Tax Act 2007 s461.

pater est quem nuptiae demonstrant
Latin: he is the father whom marriage indicates.

paternal Pertaining to fatherhood.

paternity In law, acknowledgement of being a father. This gives the father various rights and duties.

The father is assumed to be the husband of the mother unless otherwise stated, this is known as the **presumption of legitimacy**. A man is also regarded as the father if he has agreed for his name to appear on the birth certificate.

If paternity is disputed, a DNA test may be carried out. This can be 100% conclusive in establishing that a man is *not* the father, and 99.9% conclusive in establishing that a man is. This rises to 100% if the mother co-operates.

A court may order a DNA test. This requires a swab from the child under Human Tissue Act 2004. This requires either the assent of the person having care and control of a child under 16, an order of the court, or the agreement of the child when 16 or over.

The court's usual attitude is summarised by Lord Justice Ward in the Court of Appeal in *Re G (Parentage: Blood Sample) [1997]*: "It is essential for the ultimate well-being of this child, both that she knows the truth about who her father is, and that she knows it sooner rather than later."

A paternity test may be requested under Family Law Reform Act 1969 ss20-23.

Paternity rights include:

- **paternity leave** from work
- **paternity pay** during paternity leave

- **parental leave**

paternity leave

Absence from work because of fatherhood.

In general, a father is entitled to either one week or two weeks of paternity leave. From 5 April 2015, a father may also take **shared parental leave**.

paternity pay

Payment while an employee is on **paternity leave**.

pater patriae

Latin: father of his country.

pathfinder prospectus

Prospectus published by a company before its flotation. It contains information about the company and the offer, but usually omits details of offer price and expected return. This information is published just before the full prospectus is published. The main purpose of a pathfinder prospectus is to build interest in the flotation.

patient

Person who is staying in a hospital or similar establishment for treatment, investigation or convalescence.

The term is also now used for a person who lacks **mental capacity**.

patrial

Pertaining to one's native land.

patrilineal

Reckoned through the father's ancestry.

patrimony

Inheritance from a father or remoter ancestor, or a church's estate or revenue.

patriotic

For VAT treatment of such bodies, the aim is "to do good work for the benefit of a nation state or for those who have served their country and their dependants" (VAT notice 701/5).

patron

The word has many specific meanings, generally based on the concept of someone who holds a respected position in an organisation without being involved in its management.

patronage

- (1) The status of being a **patron**.
- (2) Customs of using commercial premises, such as a

restaurant.

- patronise** In human resources, speak or otherwise engage in behaviour that is designed to belittle a person; act in a condescending manner.
- patronymic** In Iceland and Slavic countries, a middle name based on the father's first name. So if Ivan Vaslov has a son Edvard and a daughter Raisa, their names will be Edvard Ivanovich Vaslov and Raisa Ivanova Vaslov.
- patsy** Easy victim, sucker, fall-guy, person who is blamed for something when it is either not their fault or they take all the blame for which others are responsible.
- pauper** Person with little or no money or assets, particularly in times and places where such a state represented a low social status.
- pauper's funeral** Funeral of a person who leave insufficient assets to pay for it and where no-one else accepts responsibility. The funeral is then a simple low-cost affair whose costs are borne by the local authority or other public body.
The term is no longer officially used.
- pavement** For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
- Pavlov, Ivan** Russian psychologist (1849-1936) who, among other achievements, famously demonstrated conditioned reflexes — the ability of people and animals to make artificial associations. In his experiment he rang a bell before feeding his dog until the dog would salivate just on hearing the bell.
- pawn** (1) Deposit an item of value as security for a loan.
(2) Person who is seen as unimportant and therefore expendable by those in a senior position in their machinations. This meaning is derived from the chess piece.

pawnbroker	Person who lends money on the security of goods left. Guidance on the tax implications of pawnbroking may be found in the Inspector's Manual at MLR3C2111.
pawnshop	A retail premises where goods may be pawned .
pawn ticket	Ticket given by a pawnbroker for goods left as security for a loan.
pax vobiscum	Latin: peace be with you.
pay	Provide money for.
pay accountability	Duty of a local authority to account to its residents on pay policy (Localism Act 2011 from s38).
payable at call	Another way of saying payable on demand.
payables	Alternative term (particularly in USA) for creditors.
payback period	The time, usually in years, in which the original investment in a business is recouped.
Pay and File	System for reporting corporation tax used for accounting periods that ended between 1 October 1993 and 30 June 1999, after which it was replaced by self-assessment.
Pay As You Earn (PAYE)	<p>Introduction</p> <p>System of collecting income tax from employees, administered by the employer. It was introduced in 1943. It is compulsory. An employer who fails to operate the PAYE system when required can be heavily fined and can be obliged to pay the tax lost to HMRC.</p> <p>The PAYE procedure is also used to collect national insurance and student loan repayments, and to administer the statutory payments such as statutory sick pay.</p> <p>PAYE is designed to collect the exact amount of tax due, unlike the Construction Industry Scheme which collects an approximation.</p> <p>Details of the system are set out in the PAYE regulations.</p>

Tax codes

Each employee (which includes office-holders) is allocated a **tax code**. Most tax codes comprise a number followed by a letter. The number is one tenth of the amount in pounds which an employee is allowed to earn in the tax year before paying income tax.

The letter is not used in calculating the tax; its purpose is to allow the employer to adjust the tax code when the personal allowances change. So an employee with a tax code of 520L is allowed to earn £5,200 per year before paying income tax. If the government announces that all L codes are to be increased by 10 points, the tax code becomes 530L and the employee is allowed to earn £5,300 before paying tax.

Pay adjustment

The amount of income tax is calculated by deducting a figure from gross pay now known as the **pay adjustment**. Before K codes were introduced, it was known as **free pay**.

This figure is either taken from a book of tables known as **Table A** provided by HMRC or is calculated automatically by the payroll software. The pay adjustment usually allocates a pro rata amount of the annual tax-free limit, so a weekly paid person with a tax code of 520L pays no tax on the first £100 a week. Tax is calculated on the amount by which the pay exceeds the pay adjustment figure.

Special tax codes

There are other types of tax code such as **BR, NT, K codes** and **D codes** for which there are special procedures.

pay as you go (PAYG)	Any scheme of payment that is directly related to current obligations.
payback	Process by which income equals and then exceeds expenses necessary to establish the income.
payback period	In management accounting, time needed for income earned to equal the cost of the initial expense incurred to establish the income.
pay bed	Medical treatment for a hospital patient which the patient has paid for, either directly or through an

	insurance policy, as against a bed funded by the state or a charity.
pay-bill	Old term for a schedule of charges that require payment.
pay day	Day on which wages are paid.
payday loan	Loan of a small amount for a short period time, such as to provide funds until the next pay day.
pay day by day (PDBD)	Scheme for paying workers whereby expenses are paid through a separate company from the main employer. Although legal, they create problems in the PAYE scheme.
pay-desk	Box or desk at which a customer pays.
pay dirt	Colloquialism for a potential source of income. The term originally meant earth from which minerals could be extracted.
paydown	State reached when a government, company or other entity is repaying more debt than it is borrowing.
payee	Person to whom a payment is made. For PAYE, "means an employee, agency worker, pensioner or other payee" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
PAYE	Pay As You Earn.
PAYE income	Term defined in Income Tax (Earnings And Pensions) Act 2003 s683(1) to mean income subject to income tax under the Pay As You Earn scheme. PAYE income has three elements: <ul style="list-style-type: none">• employment income;• pension income;• social security income.
payer	Person who makes a payment. For PAYE, the term "means an employer, agency, pension provider or other payer" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

PAYE records

“Means the following documents and records —

(a) all wage sheets, deductions working sheets, documents completed under regulation 46 (Form P46), information provided under regulation 40A(1) (duty of employee to assist with completion of new employee fields in returns under regulations 67B and 67D) and any other documents and records relating to —

(i) the calculation of the PAYE income of the employees,

(ii) relevant payments to the employees, or

(iii) the deduction of tax from, or accounting for tax in respect of such payments, and

(b) all documents relating to any information which an employer is required to provide to HMRC under regulation 85 (Forms P11D and P9D).”

(PAYE regulations SI 2003 No 2682 reg 97(3) as amended)

PAYE refund

Any amount of tax may now be repaid to an employee as a refund.

Before 6 April 1996, there was a limit for a first payslip for a new employee. If a refund exceeded this limit, permission was needed from Inland Revenue on a P47 form.

The P47 limit was:

From	P47 limit
6 April 1996	No limit
6 April 1991	£200
6 April 1988	£100
Previously	£50

PAYE regulations

Income Tax (Pay As You Earn) Regulations SI 2003 No 2682. These are the main regulations for the **PAYE** scheme.

payer of fixed

For interest rate swaps, term referring to a person who pays the fixed interest rate and receives the floating rate from the counterparty.

PAYE settlement agreement (PSA)

Arrangement whereby the employer pays tax on the grossed-up value on benefits that are minor, irregular or

where apportionment to specific employees is impracticable. They were introduced from 6 April 1996, replacing some informal arrangements known as annual voluntary settlements.

The relevant legislation was originally Income and Corporation Taxes Act 1988 s206A as inserted by Finance Act 1996 s110. It has now been consolidated as Income Tax (Earnings and Pensions) Act 2003 ss703-707.

The regulations for PSAs are given in PAYE regulations SI 2003 No 2682 from reg 105. HMRC has also issued statement of practice SP 5/96.

They were introduced from 6 April 1996, replacing previous informal arrangements known as Annual Voluntary Settlements (AVSs).

The employer is also liable to pay class 1B national insurance on the amount of a PSA.

PAYE threshold

Level of earnings at which an employee starts to have income tax deducted under the PAYE scheme.

A full definition is given in PAYE Regulations SI 2003 No 2682 ref 9.

PAYG

Pay as you go.

paying agent

A trader known to HMRC and formally set up on the Customs Handling of Import and Export Freight (CHIEF) system who transmits import or customs warehouse removal declarations to the CHIEF system.

In relation to savings income, the term is defined in Importing of Savings Income Information Regulations SI 2003 No 3297 reg 3).

pay interval

Term sometimes used to mean **pay period**, with reference to the frequency with which an employee is paid.

pay load

The weight capacity of a boat or other vehicle for goods, as against crew, passengers and equipment. Strictly, the term means such cargo for whose transport a payment has been made.

payment

Transfer of money.

For pensions, the term "includes a transfer of assets and any other transfer of money's worth" (Finance Act

2004 s161(2)).

payment card

Any form of plastic card which may be used in a financial transaction. Main types are **cash card**, **credit card**, **charge card** and **debit card**.

payment derived from securities

For the purposes of HMRC data-gathering powers, "includes in particular —

(a) an amount (whether of income or capital) that is payable out of or in respect of securities or rights attaching to securities, and

(b) a payment that is representative of any such amount"

(Finance Act 2011 Sch 23 para 14(4)).

payment for group relief

Payment made between companies in a group in respect of loss relief surrendered by one company to the other. Such payment is ignored for tax purposes of both companies under Income and Corporation Taxes Act 1988 s402(6).

payment for loss of office

Payment to a person who gives up an office, such as director, voluntarily or otherwise.

The term is widely construed to include compensation payments of all sorts, including of associated companies and payments on retirement, other than pensions.

Under Companies Act 2006, such a payment may require the approval of members under Companies Act 2006 s217.

For tax, the first £30,000 may be tax-free.

payment holiday

A feature offered by some mortgages that allow the mortgagor to miss payments.

payment in advance

Old term for a **prepayment**.

payment in due course

"Payment made at or after the maturity of the bill [of exchange] to the holder thereof in good faith and without notice that his title to the bill is defective" (Bills of Exchange Act 1882 s59(1)).

payment in kind	Settling a debt by providing goods or services rather than cash.
payment mechanism	Means by which a payment is arranged. Choices include cash, cheques, credit cards, bank transfers etc.
payment on account	Payment towards a liability.

Payments of tax

In tax, self-assessment requires two payments on account for the current year. This is usually using the same figures as the previous year. The first is made on the 31 January *in* the year; the second is made by 31 July immediately after the tax year. If the two payments on account do not clear the tax liability, there is a third payment of the balance on the next 31 January (when the first payment of the following year is also due).

For example, a sole trader prepares accounts to 31 March 2011. He must pay half his estimated tax by 31 January 2011 and the other half by 31 July 2011. The trader will probably not know his tax liability by 31 January 2011 and may not know it by 31 July 2011. So the tax is paid using the figures for the period to 31 March 2010. If the trader knows that this is significantly higher than for the current year, he may apply for these payments on account to be reduced.

If the figures to March 2011 are higher, there is a third payment of the balance paid on 31 January 2012 (when the first payment for the next year is due). If the figures are lower, the trader receives a tax rebate.

Payments on account are not required if the tax is less than £1,000 and at least 80% of the tax due has already been paid (such as from dividends or under PAYE). There are also special provisions for the first and last years of trading.

Remittance basis

For the remittance basis, the term is given a separate meaning in Income Tax Act 2007 s809UA, as inserted by Finance Act 2013 s21(3).

Payment on Account Scheme	VAT scheme. The largest VAT payers are required to be in the Payments on Account Scheme under Value Added Tax Act 1994 s28.
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The scheme requires quarterly returns and full payment of the balance owed. In the other two months of each quarter a sum equal to 1/24 of the annual VAT is payable.

payment or benefit

For the purposes of **IR 35** provisions, "anything that, if received by an employee for performing the duties of the employment, would be earnings from the employment" (Income Tax (Earnings And Pensions) Act 2003 s55(2) or 61F(2)).

payment period

For PAYE, the period for which a payment relates. It is determined according to PAYE Regulations SI 2003 No 2682 reg 25(6).

payment practice

The practice and performance of a company in paying its creditors, The statutory provision to disclose this is contained in Small Business, Enterprise and Employment Act 2015 s3.

payment protection insurance (PPI)

Insurance sold with unsecured loans to cover monthly payments in the event of sickness, unemployment or similar.

Such policies were often poor value for money. They led to large claims for compensation. Such compensation is tax-free, but any interest added is taxable income.

Payment Protection Insurance Additional Fully Reportable Countries (PPIAFRC)

A return required by HMRC of interest paid on payment protection insurance (PPI) so that HMRC may meet its international reporting obligations. The countries include all the other EU member states. The first PPIAFRC returns are issued in February 2016 for the 2015/16 tax year, and must be submitted to HMRC by June 2016. Details are given in HMRC Guidance issued on 30 October 2015.

payments by way of occupational or personal pension

For social security and national insurance, the term is defined in Social Security Contributions and Benefits Act 1992 s122(1).

payments distributor	Person who makes payments to creditors in a debt arrangement scheme .
payments to employer	<p>Payment which an employer requires to be made by an employee. This is generally unlawful under Employment Rights Act 1996 s14.</p> <p>This section seeks to counter any avoidance of the provisions against unauthorised deductions in s13 by the employer paying money and then demanding it back.</p>
payment via employer (PVE)	<p>Provision whereby a state benefit is provided to an individual through their employer's payroll.</p> <p>Although statutory maternity pay and statutory sick pay come within this scope, the term has only been used for working tax credit which was paid through the payroll between 2003 and 2006.</p>
payout requirement	American term for the legal condition that a private foundation must pay out at least 5% of the fair market value of their assets each year in grants and administrative expenses.
payment year	For class 3 national insurance, "means the year in which a contribution is paid" (Social Security Contributions and Benefits Act 1992 s13(5)).
payola	Secret payment made to promote a commercial interest, such as payments to radio presenters to promote a commercial product or service.
payout ratio	Proportion of earnings or net profit paid by a company to its shareholders.
pay period	Period for which an employee is normally paid. Typically this is a week or a month, but it can be other periods. The pay period is particularly important for calculating class 1 national insurance .
payphone	<p>Coin-operated telephone.</p> <p>For VAT purposes, this is a supply of a service at a VAT-inclusive price (VAT notice 700). The VAT fraction must be used to calculate the VAT element. For a standard rate of 20%, this means that one sixth of the payphone takings are VAT output tax.</p>

pay policy statement	Statement that a local authority must make each year outlining its policy on pay (Localism Act 2011 s38).
pay reference period	<p>Period for which a worker must be paid the national minimum wage (NMW).</p> <p>The NMW does not have to be paid for every hour worked. It is sufficient that the total pay for the hours worked in a pay reference period is at least the NMW multiplied by the total number of hours. This means that some hours may be worked for less than the NMW, provided that sufficient other hours are worked for more than the NMW.</p> <p>The pay reference period is usually the period covered by the payslip. If pay is earned in one period but paid in another (as sometimes happens with commission), the employer may choose the pay reference period to which it applies, but it may only be credited to one period.</p> <p>If an annual bonus is paid, this is treated as income for the period in which it is received, except that a pro rata element may be treated as received in the one previous pay period.</p>
payroll	The function of paying staff, with related duties, such as paying tax and calculating statutory sick pay.
Payroll Alignment	Another name for Employment Alignment Submission , a one-off PAYE return that larger employers must make before their first submission under real time information .
payroll deduction scheme	<p>Payroll giving scheme run by an employer.</p> <p>An employer may claim tax relief for the expenses of running the scheme (Corporation Tax Act 2009 s72 or Income Tax (Trading and Other Income) Act 2005 s72).</p>
payroll error	<p>Mistake in calculating the amount an employee should receive in his payslip.</p> <p>If the mistake is an underpayment, this should be corrected promptly. An employee may be willing to wait to the next pay period for a small underpayment to be corrected, but does not have to. Any underpayment comprises an unlawful deduction from wages. It is usually sufficient to make an advance equal to the</p>

underpayment, and to reclaim this on the corrected next payslip.

If the mistake is an overpayment, the law does not always allow it to be recovered.

If the mistake relates to tax or national insurance, the mistake must be corrected in accordance with those regulations. In general, the mistake must be corrected on the next payslip. The PAYE system usually sorts out any miscalculations of income tax. For an under-deduction of national insurance, the sum may be recovered in the current tax year or the following tax year, but not later. If the mistake cannot be corrected, HMRC must be so advised.

payroll giving

Method of giving tax relief on donations made from payroll.

The scheme started on 6 April 1987. Before 6 April 2000, there was a maximum limit that any one employee could donate under the scheme:

From	Payroll giving max
2000/01	No limit
1996/97	£1,200
1993/94	£900
1990/91	£600
1989/90	£450
1988/89	£240
1987/88	£120

The employer may deduct the amount determined by the employee and pay it directly to a charity that has agreed to act as an agency. The donation is deducted from gross pay so that tax relief is given at source.

The scheme is wholly voluntary for all parties to it.

From April 2004, smaller employers have been able to apply for a government grant towards the cost of setting up such a scheme.

For three years from 6 April 2000, the government added a 10% incentive bonus to all donations.

payrolling

Practice of accounting for tax on benefits through the payroll. The value of the benefit is added to gross pay and the same value is subtracted from net pay. This allows the

benefit to have tax deducted at the correct rate. It should be noted that most benefits are not subject to class 1 national insurance, and so this adjustment is not made to calculate NI.

Payrolling is not part of the PAYE system though it is known that there are some arrangements agreed with HMRC that allows it to happen. Suggestions for using payrolling as an alternative to the current **P11D** system have been made frequently.

Where a benefit is payrolled, it must still be included in form P11D (HMRC News 6 April 2011). The employer must notify HMRC *before* submitting the P11D.

From 6 April 2016, payrolling is put on a statutory but voluntary basis. An employer may choose to payroll the benefits of company cars, car fuel allowance, memberships, and private medical insurance. Payrolling may not be used for other benefits, such as beneficial loans.

Benefits have their values added to gross pay for income tax purposes (but not for national insurance). PAYE income tax is calculated for gross pay including benefit value. The same figure for value is then subtracted from net pay. Thus the benefit has been taxed at source. Such a benefit is excluded from the P11D form.

Payrolling Benefits in Kind (PBIK)

A service opened by HMRC on 12 October 2015 under which employers could register to operate **payrolling** of benefits from 6 April 2016.

payroll package

Pay and **benefits in kind** to which an employee is entitled.

payroll tax

Term used for various taxes imposed on employers. It was particularly applied to the **surcharge on employers** as set out in Finance Act 1961 s30, but not implemented. The term can also be applied to **selective employment tax** and to **employer's national insurance**.

payroll vote

Members of a ruling political group who receive additional allowances for holding ministerial or other positions. Such members are expected to vote with the government or other body, or lose their positions and allowances.

payslip	Document detailing the breakdown of an employee's pay. In law, it is known as an itemised pay statement . A copy must be given to the employee every time a payment is made, under Employment Rights Act 1996 s8.
pay token	Metal token issued to workers, particularly manual workers, in 19th century which could then be redeemed for their wages on pay day.
PB	In relation to unauthorised borrowing by an occupational pension scheme, amount proposed to borrowed in respect of an arrangement. This abbreviation is used in Finance Act 2004 s182(2).
PBD	Pool betting duty.
PBGC	Pension Benefit Guaranty Corporation.
PBIK	Payrolling Benefits in Kind.
PBIT	Profit before interest and tax.
PBR	(1) Pre-Budget Review (2) Plant Breeders' Rights
PC	(1) Personal Computer. (2) Privy Council , including the citation for Law Reports from 1865 to 1874. (3) Pension Credit. (4) Previous credit , in the formula in Corporation Tax Act 2009 s732(3). [This abbreviation has many other meanings, including Police Constable and Politically Correct.]
PCB	Pensions Compensation Board.
PCC	(1) Processing under Custom Control for free circulation. This is a system of import duty relief for goods imported or transferred from another customs regime. (2) Police and Crime Commissioner. (3) Parochial church council.
PCDN	Post clearance demand note.

PCLS	Pension commencement lump sum.
PCO	Primary Care Organisation, in the National Health Service.
PCP	(1) For determining the rate of capital allowance for plant and machinery, "the number of days in the part of the period falling on or after 6 th December 2006" (Finance Act 2007 Sch 5 para 17(7)). (2) In relation to corporation tax surcharge on banks, this abbreviation is defined in Taxation (International and Other Provisions) Act 2010 s371BI(2).
PCPI	Private Company Price Index.
P&CR	Property and Compensation Reports, law reports published from 1950.
PCRT	Professional Conduct in Relation to Taxation
PCSO	Police Community Support Officer
PCT	Primary Care Trust , in the National Health Service.
PCU	Professional court user.
PD	(1) Personnel development. (2) Probate Division law reports published from 1875 to 1890. (3) Prospectus Directive.
P&D	Probate and Family, a series of law reports published from 1850.
PDA	Personal Digital Assistant. A small, portable, battery-powered computer. Most have a pen interface and come with a detachable stylus rather than a mouse.
PDBD	Pay day by day.
PDDD	Publishing Details of Deliberate Defaulters.
PDMR	Person discharging managerial responsibilities.

PDP	Professional Development Portfolio
PDR	(1) Personal Development Review (2) Personnel development record (in armed forces).
PE	(1) Permanent establishment. (2) Partial exemption, for VAT.
P/E	Price/Earnings Ratio. It is calculated by dividing the market price of a company's ordinary shares by its earnings per share figure. The ratio reflects the market's expectation of the future earnings of a company in relation to its current earnings; in other words, its performance potential.
PEACE	Investigative interviewing training. It stands for Prepare and Plan, Engage, Account, Challenge, Explain.
peaceful picketing	The lawful act of protesting at or near a person's place of work. It is regulated by Trade Union and Labour Relations (Consolidation) Act 1992 s220.
PEACH	System for Electronic Application of Certificates. The system is operated by the Rural Payments Agency in respect of imported plants and plant products.
peag	North American Indian shell money.
peak	In investment technical analysis, the point at which the selling pressure of a share or security starts to dominate buying pressure, leading to a halt in the price rise.
peak oil	Term used in the Hirsch Report to describe the point when the maximum extraction rate of petroleum has been reached, after which production can only decline. The report was based on Hubbert peak theory first developed in 1956. Hirsch concluded that peak oil will happen in 2020. This will trigger a crisis in the late 21st century unless alternative fuels are developed. The date has been repeatedly put back as further oil sources are found.

peanuts	Colloquial term for low payment, such as of wages. This expression "if you pay peanuts, you only get monkeys" means that you will get only poor workers if you pay low wages.
pearl	Gem formed by a secretion from an oyster or similar shellfish.
Peasants' Revolt	Uprising of 1381 against the poll tax.
peat	Organic material extracted from a bog which may be burned as fuel when dried. For VAT, peat may be reduced rated under Value Added Tax Act 1994 Sch 7A Group 1 when supplied for domestic use. Further details are given in VAT notice 701/19.
pec	Old slang term for money.
peck	Unit of dry measure equal to two gallons or a quarter of a bushel.
peculation	Dishonest appropriation of someone else's property for your own use.
pecuniary	Pertaining to money. The term comes from pecus, the Latin for cattle or sheep, as these were an ancient means of barter.
pecuniary legacy	Legacy of cash, as opposed to a particular item.
pecuniary liability principle	Tax principle that creates a taxable benefit in kind when an employer pays a personal bill for the employee, such as paying an electricity bill or credit card balance. The employee has a pecuniary liability to pay the bill which the employer has discharged. This brings it within the scope of money's worth as set out in Income Tax (Earnings And Pensions) Act 2003 s62(3)(a). The principle is further explained in the inspectors' manual at EIM 00580-5.
PED	PIN entry device.

pedlar	<p>Itinerant vendor of household goods.</p> <p>Such a person must be at least 17 years old, of good character and have a pedlar's licence issued by the police under Pedlars Acts 1871 and 1881. In 2015, the government decided not to repeal these Acts.</p>
Peel, Robert	<p>English Conservative politician (1788-1850) who was Chancellor of the Exchequer from 2 December 1834 to 8 April 1835, and was prime minister for two periods between 1834 and 1846. As home secretary (1822-1827), he created the police force which was briefly known as "peelers".</p>
peer	<p>Member of the House of Lords.</p>
peer to peer (P2P)	<p>Lending between individuals rather than between an individual and a financial institution. P2P lending platforms are regulated by the fac= under Financial Services and Markets Act 2000 Part 4A.</p> <p>Losses from P2P lending may be offset only against P2P profits, under the provisions of Income Tax Act 2007 Part 8 Chapter 1A inserted by Finance Act 2016. Guidance is given in the Inspector's Manual at SAIM 12010.</p>
PEFF	<p>Property-embedded fixtures and fittings.</p>
peg	<p>In pricing, means to fix or maintain.</p>
pegging	<p>Act of keeping a price fixed, particularly a share price, index or currency exchange rate.</p>
peine forte et dure	<p>French: punishment intense and severe.</p> <p>Old practice of squashing a prisoner under weights until he confessed or died. It was abolished in 1772.</p>
pelf	<p>Old slang term for money, particularly ill-gotten money.</p>
Pemsel guidelines	<p>Guidelines on charitable purpose, as set out in the case <i>Commissioners of Income Tax v Pemsel [1891]</i>. From 2008, these guidelines have been replaced by statutory requirements of Charities Act 2006.</p>
PEN	<p>ISO code for Peruvian nuevo sol.</p>

Penalties Consistency Panel	<p>Part of HMRC to which other officers may refer cases for guidance on what penalty should be imposed.</p> <p>It is referred to the in the Inspector's Manual at SAOG 19200, for example.</p>
penalty	<p>Charge incurred as a consequence of doing something wrong.</p> <p>For tax allowability, a penalty intended as a punishment is not tax-deductible. A penalty that has the nature of compensation is generally allowable. This general principle was established in <i>McKnight v Sheppard [1999] 71TC419</i> and is discussed in the Inspectors' Manual at BIM38500.</p>
penalty charges	<p>Charges imposed by HMRC or similar body in respect of non-compliance with a law. Such penalties are generally not themselves tax-deductible (Income Tax (Trading And Other Income) Act 2005s54).</p>
penalty determination	<p>Amount HMRC calculates a taxpayer owes by way of penalty for non-compliance with tax law.</p>
penalty envelope	<p>In USA, envelope franked for government official use.</p> <p>There is a penalty for their misuse.</p>
penalty points	<p>Points with which a driving licence may be endorsed. If a person collects 12 points within a three-year period, they are banned from driving under the totting-up procedure.</p>
penalty proceedings	<p>Legal proceedings brought by HMRC against a taxpayer against whom it wishes to impose a penalty. See Taxes Management Act 1970 ss100C-100D.</p>
penance	<p>Act of mortification for a sin which is either undertaken voluntarily or directed by a priest.</p>
pence	<p>Plural of penny when referring to the amount rather than the coin.</p>
pencil	<p>Writing implement using graphite as the writing medium. The writing can easily be erased which is why it is considered unsuitable for recording financial transactions or creating written evidence.</p>

pencil sharpener	Any device designed to produce a point on a pencil by rotating the graphite against a blade or blades.
pendente lite	Latin: when litigation is pending. This refers to the period when a legal action has started but the matter has not been concluded.
pendulum	The term is widely used to indicate the process whereby an extreme position is currently held as a reaction to an opposite extreme position previously held.
pendulum arbitration	Form of arbitration in which the arbitrator must choose one of the alternatives suggested by the parties. Pendulum arbitration seeks to encourage reasonable demands and discourage the practice of making unreasonable demands to get a good settlement if the arbitrator splits the difference. For example, if a trade union seeks £16 an hour and the employer offers £11 an hour and the arbitrator decides that £13 an hour is a reasonable figure, the arbitrator must choose the employer's offer of £11 as that is the close choice. Had the trade union sought £14 an hour, the trade union would have been successful.
penetration pricing	Marketing technique of setting a low price to gain market share. It is similar to lowballing .
pennant	Flag used as a signal on a ship.
PENNOT	Common name for tax form notifying HMRC that an employee is now receiving a pension. From 6 April 2009, it is replaced by form P46(pen).
penny	Unit of currency in Britain from around 775 AD. The plural of the unit of currency is "pence"; the plural of the coin is "pennies". Until decimal currency was introduced in 1971, there were 12 pence to a shilling, and 20 shillings to the pound, so there were 240 pence to a pound. These pence are now called "old pence". The penny was divided into the halfpenny and a farthing (quarter of a penny), with further divisions of the farthing. A new penny is worth 2.4p old pennies. An old penny was worth 0.4167 or 5/12 of a new penny.

Under decimal currency, there are 100 “new pence” to the pound. The word “new” was dropped in 1982. These pence are indicated by the letter p after the number, as in 10p. Old pence were indicated by the letter d, an abbreviation of denarius.

The term is also used to mean a small sum in any currency.

penny arcade	Public area containing coin-operated amusement machines.
penny black	The first postage stamps, issued in Britain in 1840.
penny-farthing	Either an amount of 1¼d (0.52p) or an old bicycle with one large wheel and one small wheel.
penny-fee	Old term for wages paid in cash.
penny-pinching	Miserly, too concerned with saving small amounts of money.
penny post	Various forms of postal service where letters and packages were carried for one (old) penny. The penny post ended on 3 June 1918 when the lowest charge rose to 1½d.
penny shares	Shares that trade for small amounts, typically less than £1 or \$1. A small increase or decrease in price can lead to large gains or losses.
penny wedding	A Scottish practice in the 18 th century where all guests contributed a sum so that poor people could celebrate a wedding. In 1715 the Kirk Session of Morton in Dumfriesshire introduced fines for contributors on the grounds that they were promoting promiscuity by facilitating dances between the sexes.
pennyweight	Imperial measure of weight still sometimes used for jewels and precious metals. There are 20 pennyweight to a troy ounce . There are 24 grains in a pennyweight. A pennyweight is about 1.5552 grams.
pension	Definition Regular payment in retirement, usually funded by

contributions during a person's working life. The term originally meant something weighed out.

For PAYE, "means a pension, annuity or other payments of PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

Types of pension

There are broadly three ways to arrange a pension:

- government schemes which provide the **state retirement pension** and may provide **additional pension**, paid by **national insurance**;
- **occupational pension schemes** arranged by the person's employer. This will be either a **defined benefit scheme** or **defined contribution scheme**; or
- **private pension** which a person arranges directly with a **pension provider**.

A person may receive pensions from different sources. From 6 April 2006, there are no restrictions on how many pensions a person may have or of what type. Although the pension is triggered on "retirement", the person does not have to stop working to receive a pension. So a person can receive a pension and a salary at the same time. A person can also choose different "retirement" ages for different private pensions.

Tax relief

Contributions to a pension scheme usually attract relief for income tax (Income Tax (Earnings And Pensions) Act 2003 from s307), but not for national insurance. So if an employee earns £2,000 a month and pays £100 into an occupational pension scheme, the employee will pay income tax on £1,900 but class 1 national insurance on £2,000.

Payments of pension are subject to income tax but not national insurance, even if the person is still young enough to be liable for national insurance. A **pension lump sum** is tax-free.

History

The first known pensions were provided in the Royal Navy in 1670. The first known **occupational pension scheme** was introduced by Charles III of Spain.

In the UK, state retirement pensions were first paid on 1 January 1909 at a rate between two and five shillings

to anyone aged 70 or over. These were means-tested. Universal state retirement pension was introduced in 1946.

Tax relief for occupational pension schemes was introduced in Finance Act 1921. Upper limits were imposed in Finance Act 1947.

[Pension is also the French word for board and lodging.]

pensionable

Entitled to a pension; description of earnings or other amount on which a pension entitlement is calculated.

pensionable age

The age at which a person becomes entitled to receive the **state retirement pension** and also ceases to be liable to pay national insurance. The legal definition is set out in Pension Schemes Act 1993 s181.

A person of this age is not entitled to the daily living component or mobility component of a **personal independence payment** (Welfare Reform Act 2012 s83).

pensionable earnings

The earnings on which benefits and contributions for a pension scheme are calculated.

For public pensions, the term is defined in Superannuation Act 2010 s3(7).

pensionable service

Period of service with an employer that is used in calculating pension benefits from an occupational pension scheme.

Pension Benefit Guaranty Corporation (PBGC)

American federal corporation set up in 1974 to protect benefits to pension members in underfunded pension schemes.

pension business

In relation to taxation of life assurance business, "means so much of a company's life assurance as is referable to contracts entered into for the purposes of a registered pension scheme or is the reinsurance of such business" (Income and Corporation Taxes Act 1988 s431B(1)).

pension commencement lump sum (PCLS)

A lump sum from one pension fund which is paid into another.

This is possible for a person aged between 55 and 75. If the lump sum is large, tax relief may be restricted

on the second pension fund as explained in **recycled pension**.

For tax, it means a lump sum benefit paid to a member of a registered pension scheme (who is aged under 75) in connection with an arising entitlement to a pension benefit (other than a short-term annuity contract), and which meets the conditions detailed in paragraphs 1 to 3 of Schedule 29 to the Finance Act 2004.

From 6 April 2015, a person may take as much as he or she likes from a defined benefit pension scheme, but only the amount up to 25% of the fund is tax-free.

pension credit

Social security

Common abbreviation of **state pension credit**, a means-tested social security benefit for pensioners on low income, introduced in 2003.

It has two elements:

- a guarantee credit to ensure that a pensioner receives a minimum level of income,
- a savings credit that rewards a pensioner who has made savings. This is being phased out from April 2016.

The main points are:

- it may be claimed by men and women at the state retirement age for women (or 65 for savings credit)
- it is non-contributory, which means that a claimant need not have paid any national insurance
- it may be claimed by a person in work or out of work
- the claimant must have no income or a low income
- it is claimed by individuals. Only one partner may claim.

Pension credit is not taxable.

Entitlement to the guarantee credit automatically entitles the claimant to maximum housing benefit, for which purpose the capital limit does not apply.

Pension credit is not subject to the benefit cap.

The law is State Pension Credit Act 2002 and State Pension Credit Regulations SI 2002 No 1792.

Pension-splitting

Term introduced by Welfare Reform and Pensions Act 1999. (WRPA) in relation to **pension-splitting** on divorce.

The pension credit is the amount by which the ex-spouse's or former civil partner's pension rights are increased. Section 29 WRPA determines the value of the pension credit to be transferred to the ex-spouse or former civil partner.

pension credit age	Age at which someone may claim pension credit. The age is the same as the state retirement age .
pension credit member	Member of an occupational pension scheme who has benefits arising from pension credits but who is not an active member , such as when an entitlement has been transferred from another scheme.
pension credit member	An individual who has rights in a pension scheme which are directly or indirectly attributable to pension credits.
pension death benefit rules	Rules that regulate the tax-free maximum that may be paid by a pension fund to a member on his or her death. The rules are set out in Finance Act 2004 s167.
pension debit	Amount by which a person's pension entitlement is reduced by pension-splitting on divorce under Welfare Reform and Pensions Act 1999 (WRPA) s29.
pensioner	Person in receipt of a pension. For PAYE, the term "means a person receiving PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
pensioner member	Member of an occupational pension scheme who is receiving a pension from the scheme.
pensioner's Christmas bonus	Benefit payable to someone receiving a state retirement pension in the week beginning on the first Monday in December. It is payable under Social Security Contributions and Benefits Act 1992 s148. The amount has been £10 since its introduction in 1971. This benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).
pension forecast	Written forecast of expected pension income under a current plan. It includes a forecast from the state of expected state pension payments. The income is

expressed at current values and on stated assumptions.

pension fund

Fund established by an employer, company, trade union or other body to collect and invest funds, paid by one or both of the employer and employee. Pension funds are major investors in shares.

pension guarantee

Period for which it is guaranteed that a pension will be paid.

All pension schemes work on the basis that those who die young subsidise those who die old. Schemes may assume that all men who retire at 65 will live for about another 20 years. If one man dies at 75, he will only have received his pension for 10 years so the pension provider makes a saving. This is used to help pay for the pension of another man who dies at 95 and who therefore receives his pension for 30 years, ten more than expected.

As people die at every age, it is possible for a person to die soon after retirement and thus receive very little benefit for a considerable investment. To deal with this, someone at retirement may choose to have a pension guarantee which means that the pension will be paid for a minimum period even if the person dies during that period. This payment is made to the member's dependants.

The pension guarantee is usually for five years. Before 6 April 2015, the legal limit was ten years, but it can now be of any length.

Choosing a pension guarantee reduces the amount of pension payable but usually by a very small amount. For example, using recent annuity rates, a 65-year old man retiring with a pension fund of £100,000 would receive a monthly **level pension** of £615 without a pension guarantee, £611 with a five-year guarantee or £565 with a ten-year guarantee.

pension income

This is generally subject to income tax on a similar basis to earnings.

The tax law is largely found in Income Tax (Earnings And Pensions) Act 2003 from s565.

pension input amount

Amounts as arrived in accordance with sections 230 to 237 of Finance Act 2004.

pension input period (PIP)

Period in relation to contributions to a pension.

The period begins with the relevant commencement date and ends with the earlier of a nominated date and the anniversary of the relevant commencement date. Each subsequent period begins immediately after the end of a period which is a pension input period (under either this or the earlier paragraph) and ends with the appropriate date.

The term is defined in Finance Act 2004 s280(2) as amended by Finance (No 2) Act 2015 Sch 4 para 5.

pension liberation

Taking money out of a pension fund to convert the *whole* amount into ready cash.

There is no lawful way of doing this in the UK, despite some companies claiming to have found a "loophole". The system typically involves the company paying about 75% of the fund, leaving no funds for any pension in retirement. The whole of this is subject to income tax.

There are provisions about pension liberation in Pensions Act 2004 s18.

pension lump sum

Definition

A single payment which a person may receive from their **private pension** or **occupational pension** at retirement.

Maximum amount

The legal maximum is one quarter of the fund. This is tax-free. Drawing a lump sum reduces the pension payable by the same ratio. For example, a man retiring at 65 with a pension fund of £100,000 may, at recent annuity rates, receive a **level pension** of £616 a month. If he took £25,000 as a pension lump sum at 65, the remaining £75,000 would provide a monthly annuity of 75% of £616, which is £462.

Trivial pension

If a pension is small, it may be possible to take the whole pension fund as a lump sum. From 6 April 2006, if *all* pension funds held by an individual do not exceed £15,000, they may be paid as a lump sum without any need to buy an annuity at all. In such a case 25% of the lump sum is tax-free and the balance is subject to income tax. The person must be aged between 60 and 75, and all

pension funds must be taken as a lump sum within a 12-month period. Previously the whole of a pension fund could only be taken as a lump sum if it was a **trivial pension** which usually meant that the value of the fund was less than £250.

Practice

It is usually cost-effective to draw the pension lump sum even if just to re-invest. In the example above, re-investing the lump sum would be cost-effective provided the rate was at least 6.16%. In practice most decisions about whether to take the lump sum depend on the pensioner's personal circumstances such as whether they want the money to pay off their mortgage or have a retirement holiday.

A lump sum may be used to start a new pension plan if the member is between the ages of 55 and 75. This is known as a **recycled pension**. Tax relief may be restricted in such circumstances.

There is also a **short-service refund lump sum** when someone leaves an occupational pension scheme after a short employment.

pension off

Oblige someone to retire; get rid of someone.

pension payer

For PAYE, "means a person making payments of PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

Regulation 11 explains how such a payer should operate the PAYE regulations.

Pension Protection Fund (PPF)

Body corporate which operates a compensation scheme for members of occupational pension schemes. It is constituted under Pensions Act 2004 s107.

pension protection levy

Levy made under Pensions Act 2004 s175. It is of two types: a **risk-based pension protection levy** and **scheme-based pension protection levy**.

pension protection lump sum death benefit

A lump sum benefit paid following the death of a scheme member of a registered pension scheme, who died before age 75 and was in receipt of a scheme pension under a defined benefits arrangement and which does not exceed

the limits imposed through paragraph 14 of Schedule 29 to the Finance Act 2004.

pension provider

Person who pays a pension. Under the **option market option (OMO)** this need not be the same company under which the pension fund was built up.

Pension Research Project

Project started by the Office of Tax Simplification which issued a final report in January 2013. Its recommendations included replacing the savings rate of income tax, blind person's allowance and married couple's allowance for people born before 6 April 1935. The first of these was implemented from 6 April 2015.

Pensions Advisory Service

Body established to provide advice to members of occupational pension schemes.

pension scheme

A means by which an individual can make pension provision. This may be either collective or individual and with or without the involvement (by means of contributions or otherwise) from the individual's employer.

HMRC defines a pension scheme as a scheme "set up to provide benefits for/in respect of any of the following circumstances

- retirement,
- death,
- attaining a particular age,
- serious ill-health or incapacity, or
- in similar circumstances."

(Inspectors' Manual at RPSM02200020). This mirrors the wording of Finance Act 2004 s150.

Such a scheme may be registered or unregistered. A **registered pension scheme** attracts particular tax advantages.

pension scheme indemnity provision

Provision which indemnifies trustees of an occupational pension scheme from certain types of legal action.

Under Companies Act 2006 s235, such an indemnity for a company director is one of the exceptions to the general rule that a company cannot indemnify its directors for their misconduct.

The existence of such a provision must be disclosed

in the directors' report (ibid s236), and a copy must be made available for inspection (ibid s237).

pension scheme member

Someone who has rights under a pension scheme, particularly an **occupational pension scheme**.

There are four types of member:

- **active member:** someone who is accruing benefits under the scheme (usually a current employee);
- **deferred member:** someone who is no longer accruing benefits (usually a former employee) though benefits already accrued may continue to grow by being indexed;
- **pension credit member:** someone who has rights under the scheme from pension credits (usually someone who has transferred from another pension scheme but who is not an active member); and
- **pensioner member:** someone who is receiving a regular pension (usually a retired employee).

Only an active member is entitled to tax relief on contributions to the pension fund, though this point is largely academic as only active members would be contributing anyway.

pension scheme nomination

When a member of a **pension scheme** states to whom he wishes any benefit from the scheme to pass on his death.

Such a nomination is not usually governed by the person's **will** as the right to the pension scheme are vested in its trustees and do not belong to the member. The exact legal position depends on how the pension scheme rules are drafted.

Pension Schemes Office (PSO)

A division of the HMRC which oversees the approval of pension schemes for tax relief purposes.

Pension Schemes Registry

UK register of occupational pension schemes. It is administered by the Pensions Regulator.

Pensions Compensation Board (PCB)

Body established in 1997 and funded by a levy on occupational pension schemes. It pays compensation to members of schemes which have insufficient funds to meet their liabilities.

pension share Part of a former spouse's or civil partner's pension that has been assigned to the other partner on divorce or end of civil partner.

pension sharing Arrangement whereby a person's pension entitlement may be part-apportioned to a former partner in a dissolution of marriage or civil partnership. It is also known as **pension splitting**

pension sharing order An order or provision made as listed in section 28(1) of the Welfare Reform and Pensions Act 1999 (or the Welfare Reform and Pensions (Northern Ireland) Order 1999 (SI 1999/3147)) following a divorce or the dissolution of a civil partnership.

Pensions Compensation Board

Body dissolved by Pensions Act 2004 s302 and replaced by the **Pension Protection Fund**.

Pensions (Increase) Acts "The Pensions (Increase) Act 1971 and any Act passed after that date for the purposes corresponding to the purposes of that Act" (Income Tax (Earnings And Pensions) Act 2003 s651(4)).

Pensions (India, Pakistan and Burma) Act

Act passed in 1955 that may provide a pension to those who worked there.

Payments paid under this Act may be free of income tax under Income Tax (Earnings And Pensions) Act 2003 s654.

pensions interest cost and expected return on assets

The net interest cost is the increase in the value of the pension scheme liabilities that arise because those liabilities are one year closer to being paid. The expected return on assets is the forecast of accrued benefit from investments of the pension fund in the long-term.

pensions matter

In relation to HMRC information powers, "means any matter relating to —
(a) a registered pension scheme,
(b) an annuity purchased with sums or assets held for the purposes of a registered pension scheme or a pre-2006 pension scheme,

(c) a QROPS or former QROPS, or
(d) an annuity purchased with sums or assets held for the purposes of a QROPS or former QROPS" (Finance Act 2008 Sch 36 para 34B(2)).

Pensions Ombudsman	Official in UK who investigates complaints about occupational and personal pension schemes.
Pensions Regulator	Body corporate established under Pensions Act 2004 s1 with effect from 6 April 2005.
Pensions Regulator Tribunal	Tribunal established under Pensions Act 2004 s102 to deal with disputes between pension funds and the Pensions Regulator .
pension scheme managers	The term "managers" in relation to pension schemes is defined as "the persons responsible for the management of the scheme" (Pensions Act 2004 s318).
pension splitting	Arrangement whereby a person's pension entitlement may be split on divorce under Welfare Reform and Pensions Act 1999 with effect from 1 December 2000.
pensions right	Term defined in Pensions Act 2014 s34(3).
pensions transfer	Term defined in Pensions Act 2014 s34(2).
pension surplus	Amount by which a pension fund has more funds than it needs to meet its liabilities as calculated by an actuary.
pension tax relief	<p>Tax relief provided on contributions to pension funds.</p> <p>HM Treasury glossary explains "the Government provides tax relief on individual and employer contributions to registered pension schemes, up to specified limits. Investment growth within registered pension schemes is exempt from income and capital gains tax".</p> <p>It should be noted that there is no relief for any class of national insurance. So an employee earning £2000 a month and paying £100 into an occupational pension scheme pays income tax on £1900 but class 1 national insurance on £2000.</p>

pension tax relief at source (PTRAS)

Tax provision whereby contributions to occupational pension schemes are deducted from gross pay rather than net pay, so that income tax relief is given immediately.

There is no relief for national insurance. So an employee who earns £2,000 a month and pays £100 into an occupational pension scheme will pay tax on £1,900 but national insurance on £2,000.

pension term assurance

Assurance policy structured so that its premiums qualified for pension tax relief until the law was changed in 2001. As a consequence, these policies are not now generally offered.

Pension Tracing Service

Government scheme to help people find details of old pension schemes.

pension unlocking

Term sometimes used to mean the lump sum which a person aged between 55 and 75 can obtain from their pension fund. This is sometimes advertised as a special procedure, when the member can easily arrange it for himself.

Pension Wise

A free and impartial service for individuals wishing to exercise their rights to access their pension funds under provisions introduced from 6 April 2015.

pension year

The period the maximum unsecured pension and alternatively secured pension limits apply to (and the dependant equivalents). In the legislation these are referred to as 'unsecured pension years' and 'alternatively secured pension years'. These periods run in consecutive 12-month periods from the point initial entitlement to such pensions actual arise under a money purchase arrangement. These periods are set at the point that initial entitlement arise, and cannot be changed from that point onwards (although the pension year the member or dependant dies or reaches age 75 will be deemed to end immediately before such an occurrence - these truncated 12-month periods are treated as a whole 12-month period for limit purposes).

Pentecost	Christian festival seven weeks after Easter that commemorates the coming of the Holy Spirit. It was once bank holiday called Whitsun .
penteric	Occurring once every four years, or five years under an old counting system.
penultimate	Last but one.
penultimate chargeable period	“Means the chargeable period preceding the final chargeable period” (Capital Allowances Act 2001 s104F(10)).
penury	Great poverty.
People's Budget	<p>Controversial Budget delivered by Lloyd George in 1909 which led to a constitutional crisis.</p> <p>He sought to raise income tax (to 5% on higher incomes), introduce surtax, new property taxes and introduce national insurance and an early form of inheritance tax.</p> <p>The Budget was rejected by the House of Lords, leading to Lloyd George threatening to flood the House with peers who would vote for their own abolition. The king intervened and required a general election first. This led to Parliament Act 1911 which restricted the power of the House of Lords.</p>
people with significant control	For company law, the plural of person with significant control . The main law is Companies Act 2006 from s790A.
PEP	<p>Personal Equity Plan.</p> <p>This was a popular tax-advantaged investment scheme introduced in 1987. It was replaced by the individual savings account (ISA) in April 1999.</p>
peppercorn	<p>In law, an amount that is trivial but which is still adequate as consideration in making a contract. A peppercorn is the tiny husk from which black pepper is ground in a mill. The value is a small fraction of a penny.</p> <p>The term originated in leases which were said to be for one peppercorn a year, to make them legally binding.</p>

The peppercorn is rarely provided though it could be demanded. In reality it means that something is provided free but as if provided under a contract.

~

“A peppercorn does not cease to be good consideration if it is established that the promisee does not like pepper and will throw away the corn”
Somervell LJ in *Chappell v Nestlé* [1960] AC 67.

peppercorn option

“An option in the [insurance] policy under which the policyholder can require the premiums to reduce to a nominal amount once the policy has run at least ten years, and is then able to make part surrenders of the policy, which is converted to whole of life” (Inspector's Manual at IPTM8180).

peppercorn rent

Nominal rent.

Pepper v Hart

Leading tax case which was finally settled by the House of Lords in 1992. It established an important legal principle, and clarified an area of tax law.

The legal principle established is that the courts may look to **Hansard**, the record of Parliamentary proceedings to see what the purpose of an Act was in deciding how to interpret it. This is a modern form of what is known as the **mischief rule**.

The case clarified the tax law on what constitutes the cost of an employee benefit. A teacher of a private school was allowed to have his son educated there for a much reduced fee. It was accepted that this was a taxable benefit in kind to the extent that the cost of the education exceeded the sum paid by the teacher. The dispute was whether the cost was the **marginal cost** of educating one extra pupil (basically food, stationery, laundry etc for one pupil) or was the **direct cost** which includes all the school's overheads divided by the number of pupils.

All the courts up to the Lords held that the Act was written so that the direct cost had to be used, which resulted in a much larger figure. The Lords held they could look to the Parliamentary debate and held it was the marginal cost.

per	(1) By, in the manner described. (2) Latin: by, as stated by.
per alium	Latin: by means of another.
per annum	Latin: per year.
p/e ratio (price per earnings)	<p>The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a public company listed on a stock exchange (a listed company).</p> <p>The P/E ratio is also a highly complex concept - it's a guide to use alongside other indicators, not an absolute measure to rely on by itself. The P/E ratio is arrived at by dividing the stock or share price by the earnings per share (profit after tax and interest divided by the number of ordinary shares in issue). As earnings per share are a yearly total, the P/E ratio is also an expression of how many years it will take for earnings to cover the stock price investment. P/E ratios are best viewed over time so that they can be seen as a trend.</p> <p>A steadily increasing P/E ratio is seen by the investors as increasingly speculative (high risk) because it takes longer for earnings to cover the stock price. Obviously whenever the stock price changes, so does the P/E ratio. More meaningful P/E analysis is conducted by looking at earnings over a period of several years. P/E ratios should also be compared over time, with other company's P/E ratios in the same market sector, and with the market as a whole. Step by step, to calculate the P/E ratio: Establish total profit after tax and interest for the past year. Divide this by the number of shares issued. This gives you the earnings per share. Divide the price of the stock or share by the earnings per share. This gives the Price/Earnings or P/E ratio.</p>
per autre vie	Latin: for the life of another. The term is often used in respect of tenancy agreements.
per capita	Per person, by or for each individual
perceived value	Where the value of an item appears to be greater than its real cost. Perceived value is more of a marketing term, as it is a way of conferring benefit in a cost-effective

manner. Perceived value may apply to tangible items, common examples of which include mugs, pens, books and calculators. All these items cost little to acquire in bulk but seem to be worth significantly more, which is why they are widely used as **promotional gifts**.

Perceived value may also apply to financial arrangements, such as **loyalty schemes, employees' assistance programmes, legal insurance and payment protection insurance**.

per cent

Expressed as a ratio to 100, so one quarter is 25 per cent.

Note that "per cent" is two words, whereas "percentage" is one.

percentage

Expressing a fraction as number where the **denominator** is 100. So three-quarters is 75%.

Mathematically a percentage is simply a fraction converted to a decimal and multiplied by 100.

percentage point

The number of a **percentage**.

The term is commonly used to avoid ambiguity when percentages change. The statement that an interest rate of 10% has increased by 5% could be regarded as meaning that the new interest rate is either 15% or 10.5%. Ambiguity is avoided by saying that it has moved by five percentage points or half a percentage point, as appropriate.

One hundredth of a percentage point is a **basis point**.

percentage threshold scheme (PTS)

Scheme under which an employer may be able to recover the amount of statutory sick pay paid in a period to the extent that it exceeds 13% of his total national insurance payable.

percentile

Value which falls within a particular range of percentages. So the 26th percentile is the range that falls between 26% and 27% of the sample.

perceptual map

In marketing, the process of mapping a product or organisation against competitors in the hope of finding a **positioning gap** in the market.

perch	Imperial unit of length equal to 5½ yards, about 5.03 metres. A square perch is 30¼ square yards, about 25.3 square metres In stonemasonry, the term is a cubic measure of 24¾ cubic feet or 0.7 cubic metres.
per contra	Latin: to the opposite. Accounting term, now rarely used, referring to the opposite side of a bookkeeping double entry.
per cur	Abbreviation of per curiam , Latin for by the court.
per curiam	Latin: by the court.
percussion caps	Items in the list of explosives for which there may be special Customs provisions (Explosives Act 1875 s3(1)).
per diem	Latin: daily. In business, the term is sometimes used to mean a daily allowance, such as an addition to pay when an employee is working overseas.
perdition	Future state of being in Hell. By extension, the term can mean a ruinous situation.
per fas et nefas	Latin: by right and wrong.
père	French: father.
peremptory	Term used in Roman law to mean final or admitting no opposing argument. By extension, the term can mean an attitude or process that is not prepared to consider any opposing view.
perennial	Occuring every year.
perfect entry	“Entry made in accordance with regulation 5 of the Customs Controls on Importation of Goods Regulations 1991 or warehousing regulations, as the case may require” (Customs and Excise Management Act 1979 s1(1)).

perfect market	Market in which no one can influence prices.
perfect number	Number whose factors, including 1, total itself. The lowest perfect number is 6 which is the sum of 1, 2 and 3. The next is 28.
perforation	Series of holes in a straight line which makes it easier to tear the document in the right place. Cheques and postage stamps are often perforated.
performance	<p>In accounting, "the relationship of the income and expenses of an entity, as reported in the statement of comprehensive income" (FRS 102 glossary).</p> <p>"Performance is the relationship of the income and expenses of an entity during a reporting period" (FRS 102 section 2.23).</p>
performance bond	Form of guarantee from an insurance company given by a seller in a contract. If the seller fails to honour a commitment and make adequate compensation, the buyer may claim under the bond.
performance indicator	Measure of the improvements or otherwise of throughputs, outputs and outcomes.
performance-related condition	"A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance" (FRS 102 glossary).
performance share	Share whose price is expected to grow significantly in value but with no or only small dividends.
performing loan	Loan where the borrower is making repayments without default.
perfunctory	In human resources, description of work or attitude that sees work as merely a duty to be performed to the minimum tolerable standard; offhand.
PERG	Perimeter Guidance manual published by the Financial Services Authority.

pergameneous	Parchment-like.
peril	Defined risk against which you take out insurance.
perimeter	Edge of a defined area, such as of a piece of land.
per incuriam	Latin: through want of care.
per infortunium	Latin: by mischance.
Period A	Term used in connection with EIS relief to mean the period from when the investee company was incorporated or (if later) two years before the shares were issued, and ending before the termination date relating to the shares (Income Tax Act 2007 s159(2)).
Period B	Term used in connection with EIS relief to mean the period from when the shares were issued and ending immediately before the termination date relating to the shares (Income Tax Act 2007 s159(3)).
Period C	Term used in connection with EIS relief to mean the period starting 12 months before the issue of the shares and ending immediately before the termination date relating to them (Income Tax Act 2007 s159(4)).
period cost	In management accounting, a cost whose amount can be determined by time, such as rent or insurance.
period entry	For Customs purposes, the period within which the quantity of goods specified by a licence must be imported or exported.
period for appointing auditors	This is defined in Companies Act 2006 s485. Generally the auditors must be appointed for a financial year no later than 28 days after the last permitted date for sending out the accounts to members.
period for filing	In company law, the period allowed for the filing of company accounts (Companies Act 2006 s441(2)).
period for which an enquiry is in progress	“Begins with the day on which the notice of enquiry is given, and ends on the day on which the enquiry is

completed" (HMRC Guidance on Follower Notices and Accelerated Payments. 2014).

periodical

A publication circulated at regular intervals, such as a weekly or monthly magazine.

It is generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 3. Details are given in VAT notice 701/10.

A publication may qualify, even though it largely comprises posters to be unstapled (*EMAP Consumer Magazines Ltd [1994] VTD 13322*).

It could also include a single edition where there had been an intention to produce future editions (*European Publishing Consultants Ltd [1994]. VTD 13841*).

periodic charge

Another name for the **ten-yearly charge** of inheritance tax applied to many types of trust.

periodic payment

For stamp duty, periodic payments may generally be regarded as part of the transaction value for a period of up to 20 years.

For **maintenance**, this "does not include an instalment of a lump sum" (Income Tax Act 2007 s454(9)). The consequence is that this does not qualify for the 10% tax relief for maintenance payments.

periodic payment plan

In investment, a plan where capital is accumulated by regular payments.

period of absence

In relation to private residence relief for capital gains tax, "means a period during which the dwelling-house or the part of the dwelling-house was not the individual's only or main residence and throughout which he had no residence or main residence eligible for relief under this section" (Taxation of Capital Gains Act 1992 s223(7)).

period of account

Period for which a set of accounts are made up. In effect, it is the same as an **accounting period**.

The term is given a specific meaning for capital allowances (Capital Allowances Act 2001 s6(2)).

period of default

"In relation to any tax which remained unpaid after the due date, means the period beginning with that date and ending with the day before that on which the tax was

paid" (Taxes Management Act 1970 s59C(12)).

period of importation In relation to the **temporary importation rule** under the remittance basis, this term is defined in Income Tax Act 2007 s809Z4(10).

period of incapacity for work (PIW)

Period when an employee is absent because of sickness. The employee is entitled to **statutory sick pay** if other conditions are met.

A PIW must be for at least four days. If a person returns to work and starts a new PIW within eight weeks, the PIWs are said to be linked.

period of interruption

In social security, old term for a break in employment such as for sickness, maternity or unemployment. Such a period may trigger an entitlement to a **social security** benefit.

period of no public access

In relation to the **temporary importation rule** for the remittance basis, this term is defined in Income Tax Act 2007 s809Z4(10).

period of ownership

In relation to private residence relief from capital gains tax, this "does not include any period before 31 March 1982" (Taxation of Capital Gains Act 1992 s223(7)).

period of retention

Period for which shares are held under a **profit-sharing** arrangement (Income and Corporation Taxes Act 1988 Sch 10 para 2).

period of validity

For Customs purposes, the period within which the quantity of goods specified by a licence must be imported or exported.

peripatetic

Description of one who travels to different locations to work, such as a supply teacher.

peripheral

Pertaining to the outside, such as a device designed to work with a computer but outside its main processor.

perique

Strong tobacco from Louisiana.

perishable goods Goods that will deteriorate quickly and naturally, such as fruit.

There are many legal provisions that allow the possessor to deal with such items, such as disposal by a Customs officer.

perjurer Person who commits the criminal offence of **perjury**.

perjury

Tax

Criminal offence of making a false statement on an income tax return to obtain an allowance, reduction or repayment to which the person is not entitled (Perjury Act 1911 s5).

The term was defined in *R v Hudson. CCA [1956] 36 TC 561* as "false statements to the prejudice of the Crown and public revenue".

Summary proceedings can be brought in Scotland under Taxes Management Act 1970 s107.

Criminal law

Criminal offence under Perjury Act 1911 of giving false evidence which is committed if:

- the person believed the statement to be untrue when making it
- the person was under oath
- the false statement influenced the outcome of the case.

"If any person lawfully sworn as a witness or as an interpreter in **judicial proceeding** wilfully makes a statement material in that proceeding, which he knows to be false or does not believe to be true, he shall be guilty of perjury" (Perjury Act 1911 s1(1)).

"If any person in giving any testimony (either orally or in writing) otherwise than on oath, where required to do so under section 2 of the Evidence (Proceedings in other Jurisdictions) Act 1975, makes a statement —

(a) which he knows to be false in a material particular, or

(b) which is false in a material particular and which he does not

believe to be true,

he shall be guilty of an offence"

(Perjury Act 1911 s1A).

Perjury also covers false statements:

- in an affidavit (s2)
- in reference to marriage (s3)
- in reference to births and deaths (s4)
- for carrying on a vocation (s6).

perk Abbreviation of **perquisite**, incidental benefit from work.

permanent difference Difference between a business's taxable profits and the profits as stated in the accounts. Such differences arise when accounting and taxation treatments differ, such as for depreciation, entertainment and personal expenditure.

Such differences are reflected immediately in the figure for tax. They are not posted to **deferred tax**.

In accounting, "differences between an entity's taxable profits and its total comprehensive income as stated in the financial statements other than timing differences" (FRS 102 glossary).

permanent endowment Another name for a capital endowment fund.

permanent establishment (PE) Territory in which a business maintains a trading presence. The term is found in article 5 of the OECD model tax treaty, and is incorporated into various parts of UK tax law.

permanent establishments profits election Term used in Taxation (International and Other Provisions) Act 2010 s317A.

permanent health insurance Insurance policy which provides an income if the policy holder becomes too ill to work.

permanent home "The country where a person intends to live for the remainder of their life. It is the country whose laws decide, for example, whether a will is valid, or how the estate of a person who has not made a will is dealt with when they die" (HMRC inheritance tax glossary).

permanent interest bearing share (PIBS) Such shares are often issued by building societies.
For capital gains tax, a definition appears in

Taxation of Capital Gains Act 1992 s117(8A).

permanent overpayment (POP)

Small excess payment of £2 or less created as a result of a charge amendment or a payment being applied to a charge record" (Inspectors' Manual at DMBM121055".

A POP is not reallocated even where there are outstanding liabilities from the taxpayer.

permanent residence

For capital gains tax, this means **main residence**.

permanent total disability

Term used in insurance contracts to mean a disability from which the individual is not expected to recover.

Some insurance contracts specify that "permanent" means until the person's normal retirement date.

Permanent TSB

Irish financial institution, previously known as Irish Life and Permanent plc, founded in 1884. In 2013, the body was split with the life insurance group purchased by the Irish government. The remaining bank was renamed Permanent TSB.

permanent worker

Term sometimes used to mean an employee, as a means of distinguishing such worker from a temporary worker.

permanent workplace

In relation to travel in employment, means "a place which —

- (a) the employee regularly attends in the performance of the duties of the employment, and
- (b) is not a **temporary workplace**"

(Income Tax (Earnings And Pensions) Act 2003 s339(2)).

per mille

Per Thousand. The premium rate for some types of group insurance is quoted per £1000 of benefit.

permis de séjour

Permission given by police to allow someone to reside in a foreign country.

permissible capital payment

Payment that a company may make from its capital to purchase its own shares in accordance with Companies Act 2006 s710.

permit

Document that shows an entitlement to do something.

- permitted characters** In company law, those letters, numbers, punctuation marks and other signs and symbols that may be used in any document submitted to Companies House (Companies Act 2006 s1108).
The scope includes accents on letters and diacritical marks.
- permitted company age requirement** In relation to venture capital trusts, this term is defined in Income Tax Act 2007 s294A as inserted by Finance (No 2) Act Sch 6.
- permitted disclosure** Disclosure which is permitted under a specific law or rule.
In terms of company law, there are special provisions about permitted disclosure of information obtained under compulsory powers (Companies Act 2006 s461).
In relation to money laundering, provisions are given in Proceeds of Crime Act 2002 from s333A.
- permitted limit** In relation to enterprise investment scheme, the maximum number of employees that may be employed by an investee company. This is 500 for a **knowledge-intensive company** and 250 for other companies (Income Tax Act 2007 s186A(3A) as inserted by Finance (No 2) Act Sch 5).
- permitted maximum age requirement** In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A as inserted by Finance (No 2) Act 2015 Sch 5.
- permitted period** In relation to residence nil rate band for inheritance tax, this term is defined in Inheritance Tax Act 1984 s8L(2) as inserted by Finance (No 2) Act 2015 s9.
- permitted work** Work that someone may do while still claiming **employment support allowance**. This is either as part of a treatment programme or up to a small figure. (ESA regulation 45).
- permitted work higher limit** Work for which an **employment support allowance** may be paid, provided it is arranged by a local authority or other body entrusted with assisting claimants back into

	work. A claimant may do such work for up to 52 weeks.
permitted work lower limit	Work for which an employment support allowance claimant is paid no more than £20 a week.
permutation	In statistics, order of arrangement of numbers.
per my et per tout	Latin: by the half and by the whole. The term is used in respect of joint tenancy .
pernancy	Legal term for receiving.
perpetual bond	In investment, a bond that has no maturity date and no provision for repaying the principal. It therefore pays interest indefinitely.
perpetual debenture	Debenture that cannot be redeemed, or where redemption is after a long time or on the happening of an unlikely contingency. Such debentures are generally legal under Companies Act 2006 s739.
perpetua lex est, nullam legem humanam ac positivam perpetuam esse, et clausia quae abrogationem excludit, ab inition non valet	Latin: it is an everlasting law, that no positive and human law shall be perpetual, and a clause which excludes abrogation is invalid from its commencement.
perpetual gilts	Gilts that have no redemption date but pay interest indefinitely.
perpetual succession	Attribute of a company as against an individual, namely that the company lives on even when the individual dies.
perpetuities	Term for attempts to dictate how property is held a long time into the future. It is regarded as contrary to public policy for someone to be able to tie up property for centuries into the future. The present law is contained in Perpetuities and Accumulations Act 2009 which came into force on 6 April 2010. It creates a maximum perpetuity period of 125 years. A will or trust deed may specify a shorter period, but not a longer one. All pension schemes are exempted from this limit (as previously a few pension schemes were

caught).

The 2009 Act only applies to newly created trusts and estates. Existing trusts and estates remain governed by Perpetuities and Accumulations Act 1964, though trustees may opt into the 2009 provisions but with a 100-year accumulation period. The 1964 Act generally imposes a limit of 80 years.

Trusts and estates created before 16 July 1964 are governed by common law provisions against perpetuities. These provisions were developed from the end of the 17th century. They generally restrict the perpetuity period to the life of the settlor plus 21 years.

perpetuity

(1) In investments, British government securities which the government is not obliged ever to repay but just offers a fixed rate of interest each year.

(2) Legal rule which restricts how far an inheritance can be tied up by a testator.

per pro

Abbreviation of **per procurationem**, Latin: on behalf of another.

per procurationem

Latin: as an agent. The term means on behalf of another.

perp walk

American practice of making an arrested person walk in public wearing handcuffs to a police car, even when the person offers no resistance. This is for the benefit of the media.

perquisite

Incidental benefit from work, more usually referred to in the abbreviated form **perk**. They are usually taxed as **benefits in kind**. Historically the term has had other meanings.

per quod

Latin: whereby.

per quod consortium et servitium amisit

Latin: whereby he lost her society and services.

An action which could once be brought against someone who had seduced a man's wife. The right is abolished by Law Reform (Miscellaneous Provisions) Act 1970 s5.

perry	Drink made from the fermentation of pear juice. It is subject to alcoholic liquor duty on the same basis and scale as cider .
per saltum	Latin: by a leap. Description of a person who is appointed to a position without having being appointed to the usual previous positions.
per se	Latin: by itself, taken alone.
persecution	Harassment, infliction or other detriment, including death, because of the victim's religion, politics, views or other improper reason.
persecution complex	In psychology, a morbid fear that one is being persecuted.
persistence	In insurance, the length of time a policy remains continuously in force with a company.
persistent discrimination	Committing a further act of sex discrimination within five years of being found to have committed a previous one. This can lead to an injunction being issued under Sex Discrimination Act 1975 s71.
persistent organic pollutant	Chemical that is subject to specific legislation to control its importation. Customs clearance cannot be obtained without a specific permission.
person	Someone who has is recognised by law. This is either a natural person , a living human being, or a legal person such as a limited company. Person "includes a body of persons corporate or unincorporate" (Interpretation Act 1978 Sch 1).
persona	Latin: person.
personable	Human resources description of a well-formed person, someone who is pleasant to be with.
person abroad	For the purposes of anti-avoidance on transfer of assets abroad , the term means "a person who is resident or domiciled outside the United Kingdom" (Income Tax Act

2007 s718(1)).

persona designata

Latin: designated person.

persona ficta

Latin: artificial person. This means a **legal person** such as a limited company, local authority or corporation.

persona grata

Latin: person who is acceptable.

personal accident and sickness insurance

Personal accident insurance with additional cover for disablement due to sickness.

personal accident insurance

Insurance cover for people on property. The term is defined in Income and Corporation Taxes Act 1988 Sch 15 para 11 in relation to friendly societies.

personal account

Account which records transactions with other parties, such as customers, suppliers and staff, as against **impersonal account** which records transactions not involving other parties.

personal accounting

Recording the income and expenditure of a person.

Personal Accounts Delivery Authority

Corporate body established by Pensions Act 2007 s20 to oversee **personal accounts** (now called NESTs).

personal allowance

Amount an individual is allowed to earn in a tax year before becoming liable to income tax (Income and Corporation Taxes Act 1988 s257). The rate is usually revised for each tax year, though it has not kept up with inflation.

From 6 April 1990, there is a single rate which applies to all people, male and female, married and unmarried. For older taxpayers, there is an additional age allowance.

From 6 April 2016, if the personal allowance is at least £12,500, the personal allowance must be at least the national minimum wage rate for a worker aged 21, multiplied by 30 and by 52. (For the hourly rate of £6.70 that applies from 1 October 2015, this gives a figure of £10,452.) (Finance (No 2) Act 2015 s3).

person already connected with the company

Term used in Companies Act 2006 s756(5). Such a person is not regarded as a member of the public for the purposes of an offer to acquire shares or other securities in a private company.

personal applicant

“A person who is applying for a **grant of representation** without the help of a solicitor or other agent” (HMRC inheritance tax glossary).

personal assets

Moveable assets which belong to a person.

personal budget

In relation to the care of an adult, is a statement of the costs to a local authority of looking after that adult, and how that cost is split between the adult and the authority (Care Act 2014 s26).

personal capacity

Legal ability which it is assumed all adults have to manage their affairs until the contrary is demonstrated.

personal chattels

Movable items; same as **chattels**.

“Shall mean goods, furniture, and other articles capable of complete transfer by delivery, and (when separately assigned or charged) fixtures and growing crops, but shall not include chattel interests in real estate, nor fixtures (except trade machinery as herein-after defined), when assigned together with a freehold or leasehold interest in any land or building to which they are affixed, nor growing crops when assigned together with any interest in the land on which they grow, nor shares or interests in the stock, funds, or securities of any government, or in the capital or property or incorporated or joint stock companies, nor choses in action, nor any stock or produce upon any farm or lands which by virtue of any covenant or agreement or of the custom of the country ought not to be removed from any farm where the same are at the time of making or giving of such bill of sale” (Bills of Sale Act 1878 s4).

For inheritance purposes, “means tangible movable property, other than such property which —

- consists of money or securities for money, or
- was used at the death of the intestate solely or mainly for business purposes, or
- was held at the death of the intestate solely

as an investment.”

(Administration of Estates Act 1925 s55(1)(x) as amended by Inheritance and Trustees' Powers Act 2014 s3(1)).

personal company

For capital gains tax on gifts of business assets, a company where at least 5% of the voting rights are vested in the individual (Taxation of Capital Gains Act 1992 s165(8)).

personal computer (PC)

Computer intended for everyday use in the home. Such a computer typically uses the Microsoft Windows operating system.

personal contract purchase

Means of acquiring personal goods, such as a car. It is a cross between **hire purchase** and **leasing**.

When the item is acquired, the seller states the price at which he is prepared to buy back the item after a stated number of years. This price is known as the **minimum guaranteed future value (MGFV)**. Until then the car is leased. When the time arrives, and assuming the goods are still in fair condition, either the seller pays the MGFV and the lease ends, or the possessor pays the dealer and the MGFV and acquires the vehicle outright.

personal credit agreement

Agreement between an individual (debtor) and another person (creditor) by which the creditor provides the debtor with credit of any amount (Consumer Credit Act 1974 s8(1)).

personal debt

Debt owed by individuals rather than businesses

personal development

Process by which a person develops to maturity. The four main elements are:

- physical development, such as growing taller;
- perceptual development, such as seeing and hearing better;
- cognitive development, changes in thought processes, memory and language abilities; and
- personality and social development, which deals mainly with interpersonal skills.

In the workplace, personal development tend to relate to the last two in relation to the work to be done. The first two largely happen in childhood.

personal digital assistant (PDA)

A small portable battery-powered computer, which uses a detachable stylus rather than a mouse.

personal effects

For Customs purposes, items that a person reasonably requires for a journey. This includes "clothing, toiletries, personal jewellery and other articles of a personal nature including pets" (Customs notice 3). Further details are given in Customs notice 200. Relief from duty is available for such goods, but they must usually be notified to Customs.

personal employee

For a **simplified PAYE** scheme, "means —

(a) a person employed at the employer's home to provide domestic or personal services for the employer, or the employer's family, or

(b) a person employed to assist the employer with any business, profession or course of study which, solely because of any physical or mental disability, the employer would not be able to carry on without the assistance of the personal employee"

(PAYE Regulations SI 2003 No 2682 reg 34(3)).

personal equity plan (PEP)

A now discontinued tax-advantaged savings vehicle. Their function is now replaced by the **individual savings account (ISA)**.

It allowed individuals to enjoy the profits from stock market-related investment free of income tax and capital gains tax. PEPs were introduced on 1 January 1987 but from 6 April 1999, new investment in PEPs is no longer possible. However, existing PEPs could continue in existence for up to five years.

The annual limits were:

- £6,000 from 6 April 1990
- £4,800 from 6 April 1989
- £3,000 from 1 January 1988
- £2,400 from 1 January 1987

personal estate

Property, other than land and buildings, owned by an individual.

For wills, the term "shall extend to leasehold estates and other chattels real, and also to monies, shares of government and other funds, securities for money (not being real estates), debts, choses in action, rights, credits,

goods, and all other property whatsoever which by law devolves upon the executor or administrator, and to any shares or interest therein" (Wills Act 1837 s1).

personal exemption

US term for the amount that a taxpayer may deduct from their taxable income. The taxpayer may claim one exemption for himself or herself plus one for every person the taxpayer supports.

personal export (new motor vehicles)

Scheme which allows overseas visitors and other people who intend to leave the EU for at least six months, to buy a vehicle free of VAT and use it in the EU for a limited period before export.

personal financial planning

Planning an individual's finances for the short-term and long-term.

personal gain

Something to the financial benefit of an individual.

One of the conditions must be satisfied for an employee's disclosure to be a **protected disclosure** is that the employee did not make the disclosure for personal gain. Employment Rights Act 1996 s43L(2) states that any reward paid does not constitute personal gain.

personal identification number (PIN)

Code, typically of four digits, which allows the holder of a card to access the funds to which the card relates. The number is commonly referred to as a **PIN number** (even though the N of PIN stands for number).

personal import allowances

Amount an individual is legally allowed to bring in with him or her when coming from a non-EU country without having to pay Customs duty or VAT. It is colloquially known as the **duty-free**.

personal incidental expenses (PIEs)

These are now called **incidental overnight expenses**.

Small amounts of expenditure incurred by an employee while away on business which would otherwise be regarded as a taxable benefit to the employee. Normal accommodation and meals are allowable, so the provision applies to such disallowed items as newspapers, laundry and drinks at the bar.

From 6 April 1995, PIEs allow an employer to disregard amounts up to a limit of £5 a day in the UK and £10 overseas. This is viewed over the whole period of absence, so the limit for six days in the UK is £30. It does not matter when that £30 was spent.

It should be noted that PIEs exist for the convenience of employers and not for the benefit of employees. It is designed so that employers do not have to make adjustments for small amounts. An employee cannot otherwise claim the benefit of a PIE.

The law is contained in Income Tax (Earnings and Pensions) Act 2003 s241.

For national insurance, no adjustment was made to the law in 1995 as such expenses were not assessable to national insurance. With the extension of class 1A national insurance to expenses, a corresponding exemption was introduced by Social Security (Contributions) Regulations 2001 Sch 3 Part X. The matter is explained in the Inspector's Manual at NIM06025.

personal income

Income received by an individual from all sources before tax and other liabilities are paid.

personal independence payment (PIP)

Social security payment that replaces **disability living allowance**.

The relevant law is Welfare Reform Act 2012 from s77.

personal information

Information notices for tax

Information that relates to a person's health, welfare or spiritual support.

HMRC and Revenue Scotland are generally excluded from seeing such information if they require production of **personal documents** in an **information notice**.

For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 19(3).

For Revenue Scotland, the restriction is contained in Revenue Scotland and Tax Powers Act 2014 s136(6).

Identity documents

For purposes of a identity documents, personal information about A means —

“(a) A's full name,

(b) other names by which A is or has previously been known,
(c) A's gender,
(d) A's date and place of birth
(e) external characteristics of A that are capable of being used for identifying A,
(f) the address of A's principal place of residence in the United Kingdom,
(g) the address of every other place in the United Kingdom where A has a place of residence,
(h) where in the United Kingdom and elsewhere A has previously been resident,
(i) the times at which A was resident at different places in the United Kingdom or elsewhere,
(j) A's current **residential status**,
(k) residential statuses previously held by A, and
(l) information about numbers allocated to A for identification purposes and about the documents (including stamps or labels) to which they relate.
(Identity Documents Act 2010, now repealed s8(1)). This Act has now been repealed.

personal injury

In relation to exclusions for negligence in consumer contracts, "includes any disease and any impairment of physical or mental condition" (Consumer Rights Act 2015 65(3)).

Personal Investment Authority (PIA)

A Self-Regulating Organisation (SRO) set up under the Securities and Investment Board (SIB) with responsibility for regulating retail financial services.

personal liability notice (PLN)

Notice that may be served on **culpable officers** of a company, requiring them to meet any shortfall of the company's contributions (Social Security Administration Act 1992 from s121C).

From 6 April 2014, a PLN may be served on a director or officer for unpaid PAYE under the provisions of Income Tax (Earnings and Pensions) Act 2003 s97ZA as inserted by Finance Act s17(1). For this purpose, the PLN is as defined in *ibid* s97ZB(2).

A notice may also be issued for a **relevant PAYE debt** under the provisions of PAYE regulations SI 2003 No

2682 from reg 97ZA.

personal licence

Alcohol

"A licence which:

(a) is granted by a licensing authority to an individual, and

(b) authorises that individual to supply alcohol, or authorise the supply of alcohol, in accordance with a premises licence"

(Licensing Act 2003 s111(1)).

Gambling

Licence which authorises an individual to perform functions in connection with gambling facilities (Gambling Act 2005 s127).

personal lines

Insurance designed for individuals rather than businesses or organisations.

personal loan

Money lent to an individual.

personal numbering

In relation to telephones, a number that attaches to an individual rather to a specific telephone instrument. This means that a person can be contacted anywhere on the planet using whatever device the individual has set to receive calls. From 1995, such numbers usually start 070 in the UK (or 700 in the USA).

personal organiser

Personal file in which pages may be inserted as desired. Such a file is generally used as a diary, address book and for storing basic reference material of particular interest to the user. The leading example is the Filofax, which is sometimes used as a generic name but is a trade name.

personal pension

A pension plan which produces income and possibly a tax-free lump sum on retirement or death. Personal pensions commenced in July 1988 and are designed to allow anyone who is either employed but not a member of an occupational pension scheme or self-employed to make provision for a pension in retirement. Personal pensions can be used to 'contract out' of the State Earnings Related Pension Scheme.

Employers can normally contribute to the personal pension of an employee. Employees who are members of

an occupational scheme cannot contribute to their own personal pension plan. 2. Personal pensions are a way of making your own pension provision if you are not a member of an employer's scheme.

The return from a personal pension or part of it can be used to pay off the capital sum of a mortgage at the end of the mortgage term usually 25 years or, sometimes, earlier. They have the benefit of being tax efficient but to find out if they are suitable you should discuss with your financial adviser.

personal pension scheme

A pension scheme previously approved by the Board of Inland Revenue under Income and Corporation Taxes Act 1988 s361.

Such a pension scheme must be established in accordance with Finance Act 2004 s154(1). A personal pension scheme is one so established which is not an occupational pension scheme (Pension Schemes Act 1993 s1(1)).

personal portfolio bond

Tax avoidance scheme that was rendered ineffective from 6 April 1999.

It was an insurance policy that invested in assets already owned by the policy holder.

personal property

Property other than land and buildings, also known as **personalty**. Land and buildings are **real property**.

personal records

Records that relate to an individual rather than to his or her business or financial affairs.

HMRC and Revenue Scotland are generally restricted from requiring such records in an **information notice**.

For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 19(3), where the term means documents that contain personal information. This is defined according to Police and Criminal Evidence Act 1984 s12.

For Revenue Scotland, the term is defined as meaning "documentary and other records concerning an individual ("P") (whether living or dead) who can be identified from them and relating—

- (a) to P's physical or mental health,
- (b) to spiritual counselling or assistance given

or to be given to P, or Revenue Scotland and Tax Powers Act 2014 Part 7—Investigatory powers of Revenue Scotland Chapter 3—Restrictions on powers in Chapter 2

(c) to counselling or assistance given or to be given to P, for the purposes of P's personal welfare, by any voluntary organisation or by any individual who—

(i) by reason of an office or occupation has responsibilities for P's personal welfare, or

(ii) by reason of an order of a court has responsibilities for P's supervision." (Revenue Scotland and Tax Powers Act 2014 s136(6)).

personal representative (PR) A person who deals with the property of someone who has died.

If the person left a will (**testate**), the PR is an **executor** acting under **probate**.

If the person left no will (**intestate**), the PR is an **administrator** acting under **letters of administration**.

The residence of a personal representative for income tax purposes is set out in Income Tax Act 2007 s835.

personal return Declaration an individual is required to make to HMRC to allow his liability for income tax and capital gains tax to be calculated. The general requirement is contained in Taxes Management Act 1970 s8.

personal savings allowance (PSA) Amount of savings for which a taxpayer may claim income tax relief in addition to the **personal allowance**. It is introduced from April 2016.

personal savings retirement account (PRSA) Form of private pension available in the Irish Republic.

personal security Expenditure that relates to protecting people, rather than property.

From 6 April 1989, tax relief may be claimable for such expenditure (Income Tax (Earnings And Pensions) Act 2003 s377 and Income Tax (Trading and Other Income) Act 2005 s81.

Expenditure may qualify for a capital allowance (Capital Allowances Act 2001 s33).

An Inland Revenue press release dated 13 April

1989 gave examples as including alarm systems, bulletproof glass in windows, and floodlighting.

The press release suggested that the tax relief applied only to persons who “face a special threat of injury or death from terrorists and other extremist groups who resort to violence”.

In the case *Lord Hanson v Mansworth [2004] SpC 410*, the Special Commissioners held that Lord Hanson was one of the few people who qualified. Hanson had received death threats from the IRA from which his company incurred high expenditure to protect him.

personal service

(1) Delivery of a message directly from the sender and not via a third party.

(2) A duty performed by the contracting party and not by someone else acting on their instruction.

personal service company (PSC)

A company that supplies the services of one employee to another company to avoid the employee being regarded as the employee of the second company. This can require the **PSC** to make a special tax payment under the **IR35 regulations**, introduced from 6 April 2000.

The law is contained in Income Tax (Earnings and Pensions) Act 2003 ss48-61.

person disqualified under this Part

Term used in Companies Act 2006 s1184(4) for someone who is disqualified from acting as a director because of foreign restrictions.

person-to-person

Transaction, telephone call or other action between two individuals that do not involve a company or business.

personal transaction

Something done by a person through their own effort and not through the agency of someone else.

personalty

Property other than land and buildings, also known as **personal property**.

personal use

The same as **private use**.

- personal use rule** A provision that gives relief under the **remittance basis**. The rule is defined in Income Tax Act 2007 s809Z2.
- personal welfare LPA** A form of **lasting power of attorney (LPA)** that may be made from 1 October 2007 under Mental Capacity Act 2005.
An individual who is at least 18 and has mental capacity may make such an LPA. It appoints a person (the attorney) to make decisions about the individual if he or she loses mental capacity. Under this LPA, the attorney may make decisions about the individual's general welfare, including consent for medical treatment.
- persona non grata** Latin: person who is not acceptable.
- person being taxable in another member state**
Term used in Value Added Tax 1994 s92(2).
- person engaged in the administration of housing benefit**
In relation to social security fraud, "means —
(a) an authority which administers housing benefit,
(b) a person authorised to exercise any function of such an authority relating to housing benefit, or
(c) a person providing to such an authority services relating to housing benefit"
(Welfare Reform Act 2012 s131(12)).
- person established in the EU** In the case of an individual, any person who is normally resident in the European Union (EU). In the case of a legal person or an association of persons (such as a company or corporation) that has a registered office, central headquarters or a permanent business establishment, in the EU.
- person established outside the EU**
In the case of an individual, any person who is not normally resident in the EU. In the case of a legal person or an association of persons (such as a company or corporation) that has a registered office, central headquarters or a permanent business establishment outside the EU.

- person in default** For tax, the person who is responsible for the non-payment of tax and against whom proceedings may be commenced under Taxes Management Act 1970 ss61-70A.
- person in default** Person who may be liable under provisions relating to fraudulent or negligent conduct under Taxes Management Act 1970 s36.
- person instructing unfit director** Such a person may be disqualified as a director under Company Directors Disqualification Act 1986 s8ZA as inserted by Small Business, Enterprise and Employment Act 2015 s105.
- person involved in providing the accommodation** Term used in Income Tax (Earnings And Pensions) Act 2003 s112 to determine whether an employee is liable to pay income tax on the benefit of being provided with accommodation.
- person paid the relevant national minimum wage** In relation to the link between the income tax personal allowance and national minimum wage, "means a person who works for 30 hours a week for a year at the relevant nmw" (Finance (No 2) Act 2015 s4(4)).
- persons acting in concert** "Persons, who pursuant to an agreement or understanding (whether formal or informal), actively co-operate, whether by the ownership by any of them of shares in an undertaking or otherwise, to exercise control or influence over that undertaking" (FRS 8 para 2.4).
- person's estate** The amount left by a person on death on which inheritance tax may be charged. Inheritance Tax Act 1984 s5(1) defines this as "the aggregate of all the property to which he is beneficially entitled" except for **interest in possession trusts, excluded property**, and foreign works of art being exhibited in the UK.
- persons providing benefit** In relation to taxation of assets provided to an employee "are the person or persons at whose cost the benefit is provided" (Income Tax (Earnings And Pensions) Act 2003

s209).

person who made a conditionally exempt transfer

In relation to inheritance tax and certain works of art, this term is defined in Inheritance Tax Act 1984 s78(3).

person with significant control (PSC)

Person who exercises significant control over a company but is not necessarily a director.

From 1 January 2016, every company must keep a register of PSCs. The law is contained in Companies Act 2006 from s790A as inserted by Small Business, Enterprise and Employment Act 2015 from s81

per stirpes

Latin: by stock or branches. The term relates to how property is divided between descendants.

A common example is when property is divided between children of the deceased. If one child has already died, that child's share is divided between the children of that child.

persuade

Bring someone to the point where they agree to act, rather than to **convince** which merely brings them to the point of belief. You may convince someone they owe tax, and then persuade them to pay it.

persuasive precedent

Decision of a **court case** which influences future decisions of courts where the facts are similar, but where the decision falls short of a **binding precedent**.

Persuasive precedents often arise from **obiter dicta**, or from decisions of courts in other jurisdictions but which have a similar system of law.

per totam curiam

Latin: by the whole court.

Peru

South American country. Its currency is the new sol of 100 centimos. The UK has no double taxation treaty.

per-unit tax

A per-unit tax is a tax that is charged as a fixed amount on each unit of the good. Most excise duties are per-unit taxes.

pervasive recognition

In accounting, term introduced by FRS 102 to refer to the procedure to be adopted for **measurement** of amounts in

financial statements. The procedure is set out in para 2.35.

perversity	Unreasonable wrongness, usually capricious. It is the only ground of appeal on a point of fact from a decision of a tribunal.
pervicacious	In human resources, description of someone who is very obstinate.
PES	Personal Export Scheme. This is a scheme under which a VAT-registered supplier may supply a motor vehicle to certain customers in the United Kingdom free of VAT, on condition that the vehicle is exported to a destination outside the European Union within a fixed time. Subject to some restrictions, the vehicle may be used in the EU prior to its final export.
peseta	Unit of currency of Spain before it adopted the euro.
pesewa	One hundredth of a cedi, currency of Ghana.
PESM	Partial exemption special method, for VAT.
peso	Currencies of Argentina and Chile.
pesticides tax	A proposed tax suggested in 1999 to deal with environmental concerns. In the event, those concerns were addressed without the need to introduce this tax.
PET	Potentially exempt transfer , for inheritance tax purposes.
pet	Animal kept for companionship and affection rather than for work or food. Such status of an animal can determine whether its food is subject to VAT, and how the animal may be imported through Customs.
peta-	Prefix used in metric units. It means 10^{12}
peter	Dwindle away.
Peterhead principle	Principle which establishes when a mutual trading organisation is engaged in taxable trading, as is discussed

in the Inspectors' Manual at BIM24475. The name comes from the case *British Legion Branch, Remembrance and Welcome Home Fund v CIR [1953] 35 TC 509*.

Peter Pan	Character in play of same name by J M Barrie written in 1904. By allusion, the term applies to any person who seems not to grow up.
Peter principle	Principle established by Lawrence J Peter, a psychologist, in 1969. It states that everyone rises to their level of incompetence. Although originally written as a joke, it is now accepted as a management principle.
Peter Schlemihl	Person who makes a very bad bargain. The name is a character in Chamisso's tale of the same name of a man who sold his shadow to the devil.
Peter's pence	Voluntary offerings made in the Roman Catholic church. From the 8 th century to 1534 it was an English tax imposed by the church.
pet food	Food specifically prepared for pets. Such food is standard-rated for VAT. However food for humans or for working animals is generally zero-rated, even if sold for pets. The full scope is set out in VAT notice 701/15. The following are standard-rated, "pet foods, canned, packaged or prepared; packaged foods (not being pet foods) for birds other than poultry or game' and biscuits and meal for cats and dogs" (Value Added Tax 1994 Sch 8 Group 1 Excepted Item 6).
petit bourgeois	Old term for a member of the lower middle class.
petition	Term which means any form of request from prayer through to a demand signed by many people.
petitioning creditor	Creditor who presents a petition for a debtor to be declared insolvent.
petition officer	Person who deals with a petition to recall an MP (Recall of MPs Act 2015 s6).
Petition of Right	Constitutional document produced by Parliament in 1628 and served on Charles I. One of its main provision was its

re-assertion that taxes may only be imposed by Parliament.

petitio principia

Latin: inclining towards the beginning.

In logic and advocacy, a false argument that assumes what it is trying to prove or demonstrate. In other words, it begs the question.

petit jury

Old term for a jury of only 12 people, now the standard jury.

Pet Passport Scheme

Scheme whereby a cat, dog or ferret may be imported into the UK without the need for quarantine.

petrol

Commonest form of **road fuel**.

Its sale is subject to hydrocarbon oil duty and VAT.

When provided to an employee, the employee is liable to pay income tax on the **fuel benefit**. The employer may be liable to pay class 1A national insurance and to make an adjustment to the VAT return.

The word originally was a contraction of **petroleum**. It is now generally used to mean the light volatile hydrocarbons obtained by fractional distillation of petroleum.

For capital allowances on cars, the word "has the meaning given by Article 2 of Directive 98/70/EC of the European Parliament and of the Council" (Capital Allowances Act 2001 s268C(4)).

petroleum

Mineral oil containing a mixture of hydrocarbons.

petroleum gas

"Means any hydrocarbon which —

(i) is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and

(ii) is not **natural gas** (as defined in paragraph (b) below)

(Hydrocarbon Oil Duties Act 1979 s23C(5)(a)).

petroleum-related information

This term is defined in Energy Act 2016 s27(1).

petroleum-related samples

This term is defined in Energy Act 2016 s27(1).

petroleum spirit	Old term for petrol .
petrol pump	A petrol pump (and other road fuel delivery equipment) is sometimes supplied by an oil company on a deferred payment basis. The tax treatment for the different methods is explained in the Inspector's Manual at BIM45365.
petrol station	This is a trade related property .
petroleum revenue tax	A tax on the production of petroleum, introduced in 1974.
petticoat government	Perjorative term for government or management by women.
pettifogging	Description of someone who takes a legalistic approach to trivial matters.
petty cash	<p>Ready cash (bank notes and coins) kept on the premises for small items of expenditure.</p> <p>The cash is typically kept in a locked box which is itself usually kept in a safe.</p> <p>Normal bookkeeping requires items paid from the box to be supported by a voucher signed by someone authorised to do so. These vouchers are then filed and indexed to a petty cash book which is a prime book of account for bookkeeping purposes.</p>
petty cash book	<p>One of the prime books of account, which relates to petty cash.</p> <p>Typically, the left-hand side records cash paid in. This is usually a memorandum account outside the bookkeeping as these amounts are entered into the nominal ledge from the bank account book from which the cash is drawn. If cash is received from another source, such as a cash sale, provision must be made to ensure that this is properly recorded in the financial accounts, possibly by a journal entry.</p> <p>The right-hand side of the book records payments from petty cash. These are analysed under categories of expenditure for eventual posting to the profit and loss account via the nominal ledger.</p>

petty cash box	<p>Box which keeps petty cash.</p> <p>Typically it is a metal box with a key, though the lock is not very secure. There is a coin tray, typically divided into six compartments. Underneath the coin tray, bank notes are kept.</p> <p>As there are more than six different coins in circulation, a sensible division of denominations per compartment is:</p> <ul style="list-style-type: none">• £2 and 50p coins• £1 coins• 20p coins• 10p coins• 5p coins• 1p and 2p coins <p>The box usually also contains either a small cash book, or the vouchers which have yet to be written up in the petty cash book and filed.</p>
petty cash voucher	<p>Document which authorises payment from petty cash and documents its purpose.</p>
petty custom	<p>A tax charged between 1303 and 1322.</p>
petty expenses	<p>Small amounts of expenses.</p>
pew rent	<p>Charge once made to use a pew in church.</p>
pewter	<p>Alloy of various combinations of lead and lesser amounts of tin. Sometimes other metals such as copper, bismuth and antimony are included.</p> <p>Some old Cornish coins were made of pewter.</p> <p>The word is also an old slang term for prize money.</p>
PEX Committee	<p>Public Expenditure Committee.</p>
PFFI	<p>Participating foreign financial institution.</p>
PFI	<p>Private Finance Initiative.</p>
PG	<p>(1) Professional Group. Representative body which discusses tax matters with HMRC.</p> <p>(2) Present gravity. Customs notice 226 explains how this may be used to calculate alcoholic strength for determining beer duty.</p>

(3) Abbreviation used in Income Tax (Trading And Other Income) Act 2005s491 in calculating the capital gain on a life insurance policy. The definition is amended by Finance Act 2012 s11(2).

PGK	ISO code for Papua New Guinea kina.
PGS	Person who has given security for PAYE (PAYE regulations SI 2003 No 2682 reg 97S).
pH	Measure of acidity.
Phaedra complex	The difficult relationship that can arise between a child and step-parent.
phantom	Share against whose price a cash price is based even though there is no direct or indirect ownership of that share. The term was coined in HMRC guidance on employee share plans. Such a provision is not illegal, but special provisions apply when used in an employee share scheme. This is only likely to happen in an avoidance scheme .
phantom share scheme	“Under phantom schemes employees receive payments in cash and do not acquire shares. The amount received in cash is usually equal to the increase in the value of a specified number of shares over a specified period of time” (Inspector’s Manual at BIM 44002). HMRC also issued guidance on 7 April 2006.
phantom stock plan	Benefit plan for employees that is equivalent to the employees holding shares but without actually doing so.
pharma	Pharmaceutical companies seen collectively as an investment opportunity.
phased retirement	“When the deceased has divided their pension entitlement into a series of segments and has agreed a plan of retirement with their pension provider to take so many segments each year” (HMRC inheritance tax glossary).

PHE	Public Health England.
pheasants	For VAT, these may be zero-rated as food, even when bred for shooting. <i>N C D Carter [2000] VTD 17288.</i>
phi	Twenty-first letter of Greek alphabet indicated as φ or Φ. It is used in classical Greek to denote 500.
PHI business	In relation to taxation of insurance companies, means “long-term business other than life assurance business (including the reinsurance of such long-term business)” (Income and Corporation Taxes Act 1988 s431(2)).
Philadelphia lawyer	Old term for a very shrewd and capable lawyer.
philanthropic	For VAT and such bodies, the term refers to “good work for the direct benefit of the general community or to a particular section of the community or designed to promote the well being of mankind” (VAT notice 701/5).
philanthropic advisor	American term for an individual or firm that provides counselling and evaluative services to donors before and after grant making decisions.
philanthropy	Love of mankind as shown in generous welfare provision.
philately	Collection and study of postage stamps.
Philippines	Island state in the Pacific Ocean. Its currency is the Philippine peso of 100 centavos. The UK has a double taxation convention of 1976.
Philippine peso	Currency of the Philippines.
philistine	Person of material outlook who does not value culture.
philosophical	For VAT and such bodies, “the advancement of a particular way of thinking but which are not of a political or religious nature” (VAT leaflet 701/5).
phishing	Form of Internet-based fraud which involves identity theft . It involves pretending to be a bank, auction site or other website and sending an e-mail to as many people

as possible to seek personal details. The e-mail usually says that there is a problem on the account and asks the person to enter their details, including passwords and similar confidential data, to allow the supposed problem to be resolved. The passwords and similar data are used for identity theft.

HMRC has repeatedly warned against phishing, such as when e-mails are sent out in mass advising people that they have a tax rebate and asking them to enter details. These details can then be used for identity theft or to empty a bank account.

PHMC

Plant Health Movement Certificate.

phoenix company

Company which “rises from the ashes” of another company. A common example is when a company goes into liquidation with unpaid debts, only for another company run by the same people in the same business activity, and often with a similar name, to appear.

The term comes from the bird Phoenix of Egyptian mythology. It died by burning in a fire from whose ashes another Phoenix would arise.

phoenixism

Practice of allowing a business to become insolvent with unpaid debts, only for another business, the **phoenix company**, to appear in the same business activity. There are provisions in insolvency law which are intended to counter this practice.

phone booth

Another name for a **telephone kiosk**.

phonecard

Prepayment card used to operate a public telephone. The sale of such a card is a standard-rated supply for VAT (VAT notice 700). VAT is accounted on the *commission* received from the supplier. Further guidance is given in VAT notice 700/7.

PHONEday

Day of 16 April 1995 when telephone numbers in the UK were radically reorganised. In particular numbers starting 0 were generally replaced with 01. Some areas (Bristol, Leeds, Leicester, Nottingham and Sheffield) were given new codes.



phoney war	Term used in 1940 when there was no obvious sign of war from Germany in England.
photobook	<p>A bound book comprising photographs taken by a customer.</p> <p>Such a book can come within the scope of VAT zero-rating for books (<i>Harrier LLC. TC 1562 [2011]</i>).</p>
photocard	A card which has a photograph of the holder to help identify the person. Modern driving licences and most security passes are photocards.
photocopies	<p>The supply of a photocopy is generally not zero-rated, according to VAT notice 701/10, even if the copied document is zero-rated if supplied separately.</p> <p>If the photocopy is itself a leaflet or book, it may be zero-rated under Value Added Tax Act 1994 Sch 8 Group 3.</p>
photographs	<p>For VAT, these are generally standard-rated though they may be zero-rated if supplied as part of a book or as a photobook.</p> <p>An adhesive photograph is standard-rated even though it is designed to be stuck into a book to complete its text (<i>Paninin Publishing Ltd [1988] VTD 3876</i>). A book with such photographs already stuck in is wholly zero-rated.</p>
PHP	ISO code for Philippines peso.
PHSI	Plant Health and Seeds Inspectorate.
physical asset	Asset which has a physical form, as against an intangible asset .
physical inventory	<p>Counting of actual stock at the end of an accounting period.</p> <p>This is then valued. The figure becomes the closing</p>

	stock figure as used in the balance sheet and profit and loss account.
physical market	Commodity market where purchasers actually buy the products, as against a futures market .
physical price	Current cash price of a commodity for immediate delivery.
physical stock	Actual items of inventory held on the premises.
physicals	Actual commodities which are sold on the current market.
physiotherapist	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.
phytosanitary certificate	Document required for the importation of certain plants. The certificate relates to how far the plant will grow and spread in the UK.
PI	Proprietor's interest.
pi	Greek letter Π used to denote the ratio of the circumference of a circle to its diameter. This is not an exact number, but can be rounded to 3.1415927, which number may be continued indefinitely. It is the 16 th letter of the Greek alphabet, where it also meant 80.
PIA	Personal Investment Authority.
pia fraus	Latin: pious frauds.
piano rolls	Rolls of perforated paper which operate a pianola or other type of player piano. It is standard-rated according to VAT notice 701/10, and does not benefit from the zero-rating for printed music under Value Added Tax Act 1994 Sch 8 Group 3.
piaster	One hundredth of a Lebanese pound or Egyptian pound.

piastre	Unit of currency once used in many North African and Middle Eastern countries. It was equal to one hundredth of a pound.
PIBS	Permanent interest bearing shares.
PIC	Prior informed consent.
pica	Old type size equal to one sixth of an inch, widely used on manual typewriters.
picamar	Bitter oily liquid obtained from tar.
picaroon	Spanish term for a vagabond or pirate who lives by cheating.
picayune	Coin worth 6 cents used in the USA before 1857.
piccaninny	Old term for a small black child. The term is no longer considered acceptable.
picketing	Protesting at a workplace with a view to dissuading workers from working.
pico-	Prefix used in metric units. It means 10^{-12} , or one trillionth.
pictograph	Picture used as a symbol.
PID	Prolapsed intervertebral disc. Common abbreviation for sick notes (HMRC leaflet E14).
PIE	(1) Personal incidental expenses (2) Public interest entity.
pie chart	Graphic representation where elements of the whole are shown as sectors of a circle, like slices of a pie.
piece rate	Method of paying employees or other workers according to what has been produced, such as £2 for each item assembled.
piece worker	A person who is paid according to units of production rather than time. A piece worker must be paid the

	national minimum wage on the time work basis.
piecework	Payment for work by output, such as items assembled or baskets harvested.
pied-a-tierre	Dwelling kept for occasional lodging.
pier	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
pierce the veil of incorporation	US term for lifting the veil of incorporation
Pievienotās vērtības nodoklis	Latvian: valued added tax.
pig ark	Piece of curved material to make a simple kennel-like protection for outdoor pigs. This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).
piggy bank	Money box, traditionally made of earthenware and shaped like a pig. The term derives from the word pygg which means a soft cheap clay that was widely used to make storage containers for coins.
pig in a poke	Colloquialism for a bad bargain. A poke means a pocket or large bag. In 16 th and later centuries, a common confidence trick was to sell a “pig” in a bag. This proved to be a worthless cat. This is also the origin of the expression “let the cat out of the bag”.
pig tent	Form of protection for outdoor pigs. This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).
Pigovian tax	Tax that is imposed partly or wholly to dampen down a demand for social purposes. Examples include taxes on alcohol, tobacco and petrol to reduce their consumption. The name comes from the economist Arthur Pigou (1877-

1959, England) who developed such economic theories.

PII	Professional indemnity insurance.
P11 test	One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of IR35 .
piker	Old slang term for a thief.
Pilcher	The case that determined the tax treatment for crops on land. The full name of the case is <i>CIR v Pilcher [1949] 31TC314</i> . It is discussed in the Inspectors' Manual at BIM35410.
pile	(1) Colloquialism for a large amount of money, in allusion to a pile of bank notes. (2) The underside of a die used to strike coins.
pilfer	Steal, particularly of small amounts on frequent occasions.
pilgrim token	Coin-like item acquired as evidence of a pilgrimage or to gain access to a site of pilgrimage.
pillory	Device for holding head and arms in a fixed position to humiliate a person as a punishment. Such punishment was abolished in 1837. By extension, it applies to any kind of public or workplace humiliation.
pillow talk	Indiscreet talk such as between two lovers in bed.
pilot	Before 6 April 2006 (when the normal pension retirement age was 60), an air pilot was allowed to retire on a full pension at the age of 50.
pilotage	The act of steering a boat, particularly through difficult waters or between structures, or the fee for doing so. Pilotage is generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.
piloting purposes	Reasons that justify a new social security scheme being applied in one area before becoming generally available, with the object of seeing how a scheme works in practice

and where improvements may be made in its administration.

For **universal credit**, the term is defined in Welfare Reform Act 2012 s41(2).

pilot scheme

Scheme tried out on an experimental basis.

Many social security ideas and some tax ideas are tried out in pilot schemes in selected areas or for a selected group of people.

For **universal credit**, the term is defined in Welfare Reform Act 2012 s41.

pimp

Person who manages and lives off the earnings of prostitutes.

pinball machine

For VAT purposes, this is regarded as an **amusement machine** (VAT notice 701/13).

Such a machine is specifically excluded from the scope of **amusement machine licence duty**.

pinch point

Point in a route or system where congestion tends to occur.

PIN entry device (PED)

Device built into a cash dispenser to check that the person withdrawing the money is the card holder. The proposed device comprises a camera with facial recognition software. It was reported to be in development in 2015.

pine-tree shilling

Coin struck in Massachusetts between 1652 and 1684 contrary to English law.

pin money

Money for luxuries (such as hat pins) rather than to sustain ordinary living. In 14th and 15th centuries, these were common bequests in wills.

The term came to be used by some to describe earnings by women before Equal Pay Act 1970 came into effect in 1975.

pinniped

Category of animal that includes seals, sea-lions and walruses.

The import of the fur or other products of such animals is generally prohibited from 20 August 2010.

PIN number	<p>Personal Identification Number.</p> <p>This is usually a four-digit number which authorises a transaction on a credit card, debit card, cash card or similar. It is an alternative to signing.</p> <p>The term "PIN number" is widely used, even though the N of PIN stands for "number".</p>
pint	<p>Imperial unit of liquid capacity. It is equal to 34.677 cubic inches or 568.26 millilitres. There are 8 pints in a gallon. Milk and certain alcoholic drinks are still sold by the pint.</p>
PIP	<p>(1) Pension input period.</p> <p>(2) Personal independence payment.</p>
pip	<p>One of the four symbols used on playing cards. They are the spade, club, heart and diamond.</p>
pipe	<p>(1) Device for holding and smoking tobacco. The tobacco is subject to its own class of tobacco duty. Pipes were themselves subject to excise duty between 1696 and 1699.</p> <p>(2) Cask or butt of wine equal to 105 gallons or 126 US gallons.</p>
pipeline	<p>Definition</p> <p>Means of transferring liquids or gases long distances, including across national borders.</p> <p>Customs duties</p> <p>There is a specific provision in Customs and Excise Management Act 1979 s3 dealing with customs duties on oil, gas and other items imported by pipeline.</p> <p>Capital allowance</p> <p>This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.</p>
Pipeline Adjustment Statement	<p>Document issued by a pipeline operator to the shippers.</p>

pipe tax	Tax charged between 1696 and 1699 as an addition to tobacco duty on all pipes used for smoking. It was abandoned because it was difficult to collect.
piracy	In computing, means illegal file sharing . The illegality is usually the non-payment of copyright fees.
pirate	Someone who robs from ships at sea. By extension, the term is used to anyone who acquires or produces property without appropriate authority.
pirated goods	Goods produced in contravention of laws on intellectual property , such as bootlegged films or music. Customs may seize any such goods that a person attempts to bring into the country.
PIS	Unfortunate abbreviation for perpetual inventory system .
PISA	Programme for International Student Assessment, a programme run by OECD in 2000 and in every third year thereafter. It measures the scholastic performance of 15-year old students in member states.
Piso's justice	<p>Justice that is literally right but morally wrong.</p> <p>Piso condemned a man to death for murder. Just before the execution, the man who had supposedly been murdered appeared alive. The executioner and the two men went to Piso to explain the position.</p> <p>He sentenced all three men to death: the convicted man because he had already been sentenced, the executioner for disobeying orders, and the supposed victim because he had caused the death of two innocent men.</p> <p>Tax law sometimes seems to work on similar principles.</p>
pistareen	Old Spanish coin worth two reals, that was legal tender in USA.
piston engine	Internal combustion engine in vehicles that use pistons rather than rotary valves. Before 2002, this distinction was reflected in how company cars were taxed.

Pitcairn Islands	UK Overseas Territory comprising islands in the South Pacific Ocean. It was settled in 1790 by mutineers from the Bounty and their Tahitian companions. The currency is the New Zealand dollar.
pitch agreement	Lease, agreement or similar arrangement that allows a person to park a caravan on a site. The terms of such an agreement can determine the VAT liability for the supply of a site, as explained in VAT leaflet 701/20.
pitching	In brewing, the re-using of yeast from a previous brew.
pittance	Originally a small additional allowance for food or drink in a religious house. The term is now usually used to mean a derisively small amount, particularly as payment for services.
Pitt's pictures	Blind windows that had been bricked up to avoid paying window tax . This practice was greatly increased by Pitt the Younger.
PIU	Public Interest Unit , part of the office of the Official Receiver .
PIW	Period of incapacity for work , for payment of statutory sick pay.
pixel	Minute dot which collectively make up a picture on a television screen, video display or similar.
pizzazz	In human resources, colloquial term for a combination of flamboyance, panache and vigour. It can also be spelled as pizzazz, pazazz and pazzazz.
pizza	For VAT, the supply of a takeaway pizza is standard-rated as hot takeaway food. The tribunal did not accept that a pizza was only hot as a result of having not cooled down, and could be eaten cold. <i>Domino's Pizza Group Ltd (No 2) [2002] VTD 18866</i> .
PKR	ISO code for Pakistani rupee.
PL	Country prefix code for Poland.

placebo	Substance given to a person who believes it to be medicine. Their belief can have similar curative effects. A placebo is not treated as a medicine for tax purposes.
placement	(1) Finding a permanent job for someone. (2) American term for finding buyers for a new issue of shares. In the UK, this is called a placing .
placement fee	Charge made by an employment agency for finding a permanent employee.
place of acquisition	VAT rules for determining the country where goods have been acquired from another EU member state (Value Added Tax Act 1994 s13).
place of belonging	Country where a supplier or customer belongs. It can determine where services are made and who accounts for any VAT due.
place of business	For tax, "(a) the place where the trade, profession, vocation or business with which the proceedings are concerned is carried on, or (b) if the trade, profession, vocation or business is carried on in more than one place, the head office or place where it is mainly carried on" (Taxes Management Act 1970 Sch 3 para 2(5)).
place of effective management (POEM)	Term used to determine the residence of a business for tax purposes.
place of residence	For tax, a person's usual place of residence or, if that is unknown, the person's last known place of residence (Taxes Management Act 1970 Sch 3 para 2(4)).
place of supply	For VAT purposes this is where a supply is treated as being supplied, or made and is the place where it is liable to pay any VAT. The rules are given in Value Added Tax Act 1994 s7 for goods, and s7A for services.
place of trade	Place from which a person conducts a trade.

placer	Superficial deposit from which gold or other valuable minerals may be extracted by washing.
placing	In investment, finding buyers for a new issue of shares.
placita	Latin: pleas.
plack	Old Scottish copper coin worth one third of an English penny.
Plaid Cymru	Welsh Nationalist Party.
plainly unfair	Grounds on which a tax penalty may be set aside. A tax penalty cannot be set aside just because it is harsh . The point at which a harsh penalty becomes plainly unfair has never been quantified. The matter is difficult to determine from inconsistent decisions from the First Tier Tribunal. An example of where “plainly unfair” succeeded was <i>Hok Ltd. TC 1286 [2011]</i> .
plain old telephone service (POTS)	Traditional landline telephone service which is used solely for transmitting speech.
plaint	Complaint in the form of a written grievance at the start of legal proceedings.
plaint fee	Old term for the charge of initiating a legal action.
plaintiff	Term used to mean a person who brings a civil action. This is now known as the claimant.
plain vanilla contract	For the purposes of derivatives, this term is defined in Corporation Tax Act 2009 s708.
plain vanilla swap	Interest rate swap where a company with fixed interest borrowings may exchange them for variable rate borrowings.
plan assets	In relation to accounting for an employee benefit plans, “(a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies .”

(FRS 102 glossary).

Plan d'Épargne Populaire

French: popular saving plan.
Tax scheme introduced in France in 1989 based on the UK **personal equity plan**.

Plan Green

Unsuccessful tax avoidance scheme. It sought to reduce an employee's income tax liability for car benefit by purchasing carbon credits to set off against the carbon dioxide emission from which the benefit is calculated. The scheme does not work as carbon credits do not affect car benefit. Further details are given in HMRC Spotlight 16.

planned economy

System where the government plans the economy, as in a Communist system. Except in emergencies such as war, no planned economy has worked.

planned obsolescence

Design of a product so that it wears out requiring the buyer to purchase another item from the supplier.

planning

In management accounting, the process of setting objectives, and then selecting and evaluating the strategy and actions to achieve those objectives. It is one of the three traditional functions of management. The other two are control and decision making.

Planning Advisory Service (PAS)

Part of the Local Government Association that provides assistance to local authorities on planning matters. This includes guidance on the **community infrastructure levy**.

planning blight

Loss of land's value because of proposed plans to develop nearby land, such as house prices which are depressed because of plans to build or develop a nearby airport.

planning contribution

Scheme of allowing planning authorities to collect a sum from developers in their area as an additional source of revenue (Planning and Compulsory Purchase Act 2004 s46).

planning gain supplement

Proposal announced in 2005 to allow local authorities to impose a charge on planning permissions to help fund **infrastructure**. The plan was dropped in 2007.

This was the fifth attempt to introduce such a

charge. The first was a betterment charge made under Housing, Town Planning etc Act 1909 which operated before the war. The second was a development charge from 1947 to 1953. The third was a betterment levy under Land Commission Act 1967 which lasted until 1970. The fourth was **development land tax** which operated from 1976 to 1985.

This proposal has been abandoned, though some preparatory work was undertaken under the Planning-gain Supplement (Preparations) Act 2007.

planning permission

Formal agreement by a local authority or planning inspector that allows building and similar works to proceed. Planning permission can be a condition for certain VAT reliefs for construction.

planning programming budget system (PPBS)

In management accounting, an output-based approach that concentrates on outputs and the resources needed to achieve them.

plant

As in equipment

Those items *with* which a taxpayer conducts a trade or other qualifying activity. Such items qualify for capital allowance as **plant and machinery**.

~

[Plant comprises] whatever apparatus is used by a businessman for carrying on his business — not his stock in trade which he buys or makes for resale, but all goods and chattels, fixed or movable, live or dead, which he keeps for permanent employment in the business.

Lindley LJ in Yarmouth v France [1887] 4 TRL 1.

~

[Tax inspectors] may be pardoned for finding anything or almost anything to be or not to be plant and may be justified in making any number, or almost any number, of inconsistent concessions and illogical distinctions.

Lord Justice Stephenson in Cole Bros Ltd v Phillips [1982] STC 307.

As in trees and flowers

Plants that are used for human consumption or as animal feeding stuffs may be zero-rated for VAT under Value Added Tax 1994 Sch 8 Group 1.

Seeds and other means of propagating such plants may also be zero-rated under Group 1 Item 3.

plant and machinery

Capital allowances

Fixed assets used for the production of a business's goods. It includes tools, machinery, furniture, vehicles, computers and similar.

Plant and machinery attracts a **capital allowance** for income tax or corporation tax. A distinction is made between equipment *with* which the business operates (which qualifies as plant and machinery), and equipment *in* which a business operates (which is an industrial building). These allowances are set out in Capital Allowances Act 2001 from s11.

Capital gains tax

For capital gains tax, plant and machinery is always regarded as a **wasting asset** (Taxation of Capital Gains Act 1992 s44(1)(c)).

First year allowance

Between 27 October 1970 and 31 March 1986, plant and machinery attracted a first year allowance. Between 1972 and 1984, this was at 100%. First year allowances were generally revived at 40% between 1 November 1992 and 31 October 1993, and have been subsequently revived for small companies.

Oil duty

"Includes any machinery, apparatus, equipment, pipe or vessel" (Hydrocarbon Oil Regulations SI 1973 No 1311 reg 2).

plant breeders' rights (PBR) Another term for **plant variety rights**.

Plant Health Movement Certificate (PHMC)

Certificate that may be needed to import certain plants and plant products.

plant or machinery disposal event

For the purposes of leasing, this "is an event that would have been a disposal event in relation to the plant or machinery in the case of the lessor on the assumptions in subsection (4)"

(Capital Allowances Act 2001 s70YF(7)).

plant or machinery lease

Lease for plant and machinery which meets the conditions of Capital Allowances Act 2001 s70K.

plants

For VAT purposes, plants are zero-rated if used for human or animal consumption. Other plants, such as those for ornamentation, are standard-rated.

plant variety rights (PVR)

Form of intellectual property given to breeders of new flowers or plants. These are governed by the International Convention for the Protection of New Varieties of Plants (UPOV Convention) originally signed in Geneva in 1961 and enacted in UK law in 1964. The current Convention was revised in 1991 and enacted in UK as Plant Varieties and Seeds Act 1997.

This term is used in Customs notice 34, but for other purposes the term **plant breeders' rights (PBR)** is usually preferred.

Customs may seize goods that breach these rights.

plastic money

Collective term for credit cards, charge cards, debit cards and other means of payment by a plastic card.

plate

(1) Vessels, ornaments and other valuable items that are plated with gold, silver or other precious metal.
(2) Large dish for collecting money, such as in a church.
(3) Metal die used for printing the whole or part of a page, or its equivalent in modern printing methods.
[The words has many other meanings.]

platinum

Naturally occurring element which is regarded as a precious metal. It has a white lustre.

As an element it has the atomic symbol Pt and the atomic number of 78. It is widely used in jewellery and as a store of value. Platinum bullion has the ISO currency code of XPT.

Platinum also has some industrial uses such as for electrical contacts and in emission controllers on car exhausts.

Platonic relationship

In psychology, a relationship between two people that is without sensual desire. The term comes from the Greek philosopher Plato (c427BC-347BC) who espoused a

philosophy of such relationships.

platykurtic

In statistics, description of a flat **distribution curve**.

plausible

This now usually means credible or believable. It has previously meant likely or probable. Before that, the word meant deserving of applause.

play

In connection with criminal law on obscenity in drama, a definition is given in Theatres Act 1968 s18(1)).

playday

Old term for a holiday.

playgroup

The supply of this service is generally standard-rated for VAT. The Court of Appeal refused to allow a playgroup to zero-rate the element that related to a child's T-shirt in the case *Tumble Tots (UK) Ltd v HMRC. Ch D [2007] STC 1171*.

playing cards

Cards designed to be used for playing games. In particular it refers to packs of cards comprising an ace, then each number from 2 to 10, a jack, queen and king in each of four suits: spades, clubs, hearts and diamonds. This gives 52 cards to which one or two jokers may be added.

Playing cards were subject to **playing cards duty** until 1960. This was indicated by either a seal on the pack or an elaborate design on the ace of spades.

Some games played with cards may be subject to **betting and gaming duties**.

playing cards duty

Excise duty charged between 1463 and 1960 on packs of 52 playing cards.

plc

Public limited company. Such a company must put the letters "plc" after its name (Companies Act 2006 58(1)) or the Welsh equivalent "ccc". This requirement was introduced in 1980.

plea

(1) Statement of defence in criminal proceedings.
(2) In Scots law, any law suit.

plea-bargaining

Practice of accepting a lower charge in return for admitting guilt or providing evidence against another

person. This is a common practice in the USA.

pleading in the alternative In law, when a person is allowed to plead two contradicting defences. If one defence is dismissed, the alternative defence may be used.

pleasure craft In relation to excluded leading activities for venture capital trusts, the term means "any ship of a kind primarily used for sport and recreation" (Income Tax Act 2007 s305(8)).

Customs implications are set out in Customs notice 8.

pleating Process in making a type of skirt.

For VAT, pleating of material so that it may only be used to make girls' skirts was sufficient to bring the supply within the scope of zero-rating of children's clothing (*Ali Baba Tex Ltd [1992] STC 590*).

pled Old form of saying "pleaded".

pledge In money lending, another words for "pawn".

pledged giving System by which church or charity members promise to make regular contributions.

A taxpayer may make such gifts under **Gift Aid** that allows the church or charity to recover income tax at the basic rate. Tax at higher rates is reclaimed by the taxpayer.

plene administravit Latin: administered in full.

This is a defence which an **executor** may use when a claim is made against an estate which has been fully settled and where there are no more assets available to settle further claims.

plenish Provide with stock. The term is now archaic outside Scotland, though replenish is still in common use.

plenitude Fullness, completeness, plentifulness.

pleno jure LatibL with full authority.

plethora	Excessive quantity. The term originally meant having too much blood.
Plimsoll line	Mark on a ship's hull indicating the safest low point in the water to which it may be loaded with cargo. It is named after Samuel Plimsoll MP who pioneered for it. It was introduced by Merchant Shipping (Plimsoll) Act 1876.
PLN	(1) Penalty Liability Notice, a type of notice sometimes issued if an under declaration on tax with a VAT return is made, or inaccurate information is given on the European Sales Lists (ESL). (2) Personal liability notice , which may be served on a director under Social Security Administration Act 1992 s121C(1)(b) in respect of underpaid class 1 national insurance, or (from 6 April 2014) for unpaid PAYE. (3) ISO code for Polish zloty.
plonk	Cheap wine. The term was originally Australian slang for cheap red wine.
ploughland	Either land that is suitable for ploughing, or the amount of land that can be tilled with one plough.
Plough Monday	The first Monday after 6 January when traditionally farm work resumes after a Christmas break.
PLR	(1) Estate Gazette Planning Law Reports, a series of law reports published since 1988. (2) Public lending right.
PLU code	Price look up code.
plug	In marketing, promote, particularly a song recording by repeated playing on radio.
plug and play	Colloquial term for tax avoidance schemes where standardised documents and transactions are made available for the client to use. All such schemes must be reported to the tax authorities from 1 August 2006.
plum	Large sum of money as a windfall, or the best of something. The term was also once used to mean

£100,000.

Plumbers Tax Safe Plan (PTSP) Scheme run by HMRC from 1 March 2011 to 31 May 2011 to encourage voluntary disclosure of undeclared tax by plumbers, gas fitters and similar. Those who use the scheme incur a lower penalty.

plumbus oscillans Latin: swinging lead. This term has been known to appear on sick notes to indicate that the person is not really ill.

plummet Originally a lead weight on a line. By extension, the term is now used to mean a sudden fall, such as in a share price.

plunder Remove goods by force, pillage; goods so removed.

plunger In gambling, someone who continues beyond what he or she can afford in the hope that their luck will change.

plural "In any Act, unless the contrary intention appears, —
... (c) words in the singular include the plural and words in the plural include words in the singular"
(Interpretation Act 1978 s6).

plus Preposition indicating an addition. Mathematically it is represented by the sign +.

plussage Additional amount added to a figure.
[The words can be spelled with a single S.]

plutonium Radio-active metal element.
A licence is needed from the **Office of Civil Nuclear Security** to import this metal. Customs clearance cannot be obtained without this licence.

ply Work diligently. The term is now usually restricted to the expression of plying a trade.

PM **(1) Prime minister.**
(2) Particulate matter.

pm Post meridian, the afternoon.

PMA	Plant and machinery allowance , a capital allowance which reduces the sum subject to income tax or corporation tax.
PMA general pool	<p>Value of a business's plant and machinery which is subject to capital allowance which have yet to be given in a tax computation. Each year, new acquisitions are added, disposals are subtracted, and the balance is reduced by the capital allowance for that year.</p> <p>The general pool includes all plant and machinery which tax law does not require to be separately recorded. This includes long-life assets and integral features which have a lower rate of capital allowance.</p>
PMI	Performance market indicator, particularly that provided by the company Markit .
PNR	<p>(1) For corporation tax, "so much of the profits for the accounting period as do not consist of ring fence profits" (Finance Act 2007 s3).</p> <p>(2) Passenger Number Reference, for airline flights.</p>
POA	<p>(1) Pre-owned assets.</p> <p>(2) Price On Application, indication on a price list that there is no standard price for the item, or the price is not published for another reason.</p>
poach	Take game or fish by trespassing on land. By extension, it also means to take anything in a devious manner, such as in poaching staff.
poacher	One who poaches. Sometimes the term is used in the context of, for example, tax inspectors being "gamekeepers" while practitioners are the "poachers". In this context, the term "poacher" does not have any connotation of wrongdoing.
POAO	Products of Animal Origin, a product as defined in The Products of Animal Origin (Third Country Imports) (England) Regulations 2002.
POB	Professional Oversight Board , part of the Financial Reporting Council.

POCA	Proceeds of Crime Act 2004.
pochette	Small bag, note-case or wallet.
pocket	(1) To appropriate money, in allusion to slipping it into a pocket. (2) Quantity of wood or wool, roughly equal to half a sack.
pocket judgment	Long obsolete bond under the hand of the debtor and countersigned by the sovereign. It could be enforced without legal process.
pocket money	Money, usually of a small amount, for incidental spending, or a small amount of money given to a child to spend as he or she wishes.
pocket-pistol law	Practice in a court case of quoting a source of law to which the other party does not have ready access. The commonest example is citing a precedent in an unreported case. The term was used by R G C Fane, Commissioner in Bankruptcy, when giving evidence on 27 May 1851 to a Select Committee of Parliament on partnership law. Fane quoted the term as one widely in use. He quoted a case in 1838 when a barrister produced his own notes of an otherwise unreported case which the judge was prepared to accept.
pococurantism	Concern about trifles while indifferent to matters of importance.
Podatek od towarów i usług	Polish: value added tax.
POEM	Place of effective management.
poena	Latin: penalty.
poet	An artist, sculptor, poet, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005s221).
poind	In Scots law, to distrain or impound property.

point	<p>(1) Unit used in a tally or score. Points are used in several tax provisions, such as in determining whether a film qualifies for tax relief as a British film.</p> <p>(2) In printing, the size of letters where 72-point indicates that the lines of type are inch apart. This does not mean that the letter is one inch high.</p>
point of no return	<p>Point in an aeroplane flight where the craft has insufficient fuel to return and so must complete its journey.</p> <p>By extension, to any situation where return is no longer possible.</p>
point of order	<p>Question raised in a formal meeting as to whether there is some non-compliance with a rule of procedure.</p>
point of sale	<p>Place and time where a sale is concluded.</p>
point of sale scheme	<p>This works by identifying the tax liability of goods and services made at the time of sale. This usually means using a till system that is capable of distinguishing between goods sold at different rates of tax.</p>
poisha	<p>One hundredth of a taka, currency of Bangladesh.</p>
poke	<p>Archaic term for a bag. This meaning now remains largely in the expression "buying a pig in a poke" which means making a financial commitment without checking what one is receiving in return. This comes from the old trick of offering to sell a valuable pig hidden in a sack which actually contains a cat. This is also the origin of the expression "letting the cat out of the bag".</p> <p>[The word has other meanings.]</p>
poker	<p>Card game that involves gambling. It was invented in 1835.</p>
poker dice	<p>This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty.</p>
poker face	<p>Expressionless appearance that does not indicate what the person is thinking.</p> <p>The expression comes from the card game poker,</p>

where knowing the strength or weakness of a fellow player's hand helps you win.

Poland East European country that is a member of the European Union. Its currency is the zloty of 100 groszy. The UK has a double taxation convention of 2006.

polarisation The requirement for a financial adviser to be either 'tied' to one financial product provider, or completely independent. A provision of the Financial Services Act.

Pole Native of Poland.

pole Old unit of length equal to 5½ yards.

police For deaths from 19 March 2014, the estate of a police officer is free of inheritance tax if the death was either in the course of police work or where the person was targeted because of being in the police.

The relevant laws are Inheritance Tax Act 1984 ss154A and 155B respectively, both inserted by Finance Act 2015.

Police and Criminal Evidence Act 1984 (PACE)

Law that provides a legislative framework for police investigations of crime. It replaces the previous judges' rules. It deals with such matters as police powers of search, interviewing suspects, custody provisions and the handling of evidence. The Act has been significantly amended by Serious Organised Crime and Police Act 2005.

PACE extends to other forms of criminal investigation and can therefore apply to tax officers investigating criminal tax offences.

PACE codes of practice have been issued under the Act.

police organisation "Means an organisation of persons in police service" (Income Tax Act 2007 s458(5)).

Payments to such a body are tax-deductible to the extent that they relate to superannuation, life insurance or funeral benefits.

policy	(1) Statement of what action should be taken in defined circumstances. There are specific provisions for accounting policies . (2) Contract of insurance, setting out the terms of cover.
policy cost	Fixed cost or overhead which is created by a policy of the organisation's management.
policyholder	The person or organisation who owns an insurance policy.
policy holder participation fund	"A fund in the case of which an amount equal to the amount shown in line 34 of Form 58 for the fund is allocated to policy holders for the relevant period" (Income and Corporation Taxes Act 1988 s444AJ(8)).
policy reserves	Amount of the funds that a life insurance company holds specifically for fulfilment of its policy obligations.
policy term	Period of time for which an insurance policy provides coverage.
political	A body is political if it "campaigns for or against legislative and constitutional changes or campaigns in local and central government elections" (VAT leaflet 701/5).
political discrimination	Discrimination because of a person's political views. It is illegal in Northern Ireland, but not in Great Britain.
political donation	Donation to a political party, political organisation or candidate in any election. Companies must declare such donations under Companies Act 2006 ss362-379. If the donations exceed £5,000 in any 12-month period, the donation must be authorised by its members.
political economy	Old term for the study of economics .
political expenditure	Expenditure by a company on activities or literature of a political body or candidate in an election (Companies Act 2006 s365). In general, such expenditure is not allowed as a tax deduction, as discussed in the Inspectors' Manual at BIM42528. A leading case is <i>Boarland v Kramat Pulai Ltd</i>

[1953] 35TC1.

political fund

Fund operated by a trade union to support a political party (usually Labour). It may be collected from workers as an addition to his union dues, but no worker can be compelled to contribute. Such donations are regulated by Trade Union and Labour Relations (Consolidation) Act 1992 ss71-108.

political fund exemption notice

A notice which a worker may serve on his trade union requiring the union no longer to deduct sums for its political fund. The wording is given in Trade Union and Labour Relations (Consolidation) Act 1992 s84.

political levy

A sum collected by trade unions in addition to the normal **trade union dues**. The political levy is passed to a political party supported by the trade union, which is almost always the Labour party. If the employer operates the **check-off** system for collecting trade union dues from wages, the political levy may also be collected.

A trade union member has the right not to pay this levy under Trade Union and Labour Relations (Consolidation) Act 1992 s86. An employee who believes that the political levy is being deducted from his pay unlawfully may make a complaint to the employment tribunal.

politically-exposed persons

“People at a higher than usual risk of corruption due to the political positions they hold, such as heads of state, members of government, supreme court judges, and members of parliament, as well as their family members” (European Commission press release on anti-money laundering Directive of 21 May 2015).

Additional measures may need to be put in place for financial dealings with such persons.

political organisation

Political party, independent candidate in an election, or any body which seeks to influence how people vote in an election or referendum (Companies Act 2006 s363(2)).

political parties

Organisation that is formed for supporting candidates in political elections.

Donations to a political party are exempt from inheritance tax provided that, at the last general election,

the party either had two MPs elected, or had one MP elected and received at least 150,000 votes for all its candidates (Inheritance Tax Act 1984 s24).

A company must obtain shareholder approval to make a donation of more than £5,000 in a year to a political party (Companies Act 2006 s378).

An employee who belongs to a trade union may elect not to pay a levy to a political party (Trade Union and Labour Relations (Consolidation) Act 1992 s86).

politicians

Various special provisions apply to expenses of **MPs**.

poll tax

(1) A fixed fee on all men and women except beggars charged between 1377-1381, originally imposed at 4d a person.

Higher rates applied for people esquires and those of higher standing. In 1380, the rate was increased to one shilling for everyone except beggars. It led to Peasants Revolt of 1381. The tax was revived in 1513.

(2) Three taxes imposed in 1660, 1666 and 1677/78. These taxed social position, professional status, real and personal property, and the newly emerging hackney carriage. Further impositions were made between 1689 and 1698 by which time it assessed status rather than persons. A poll tax was suggested in 1758 but not levied.

(3) The name commonly given to the **community charge**.

polyandry

Having more than one husband. The law is the same as for **polygamy**.

polygamy

Having more than one wife. A person who goes through a ceremony of marriage knowing that he or she is already married commits the crime of **bigamy**.

UK law only recognises a marriage to one person at a time (*Hyde v Hyde [1866]*). It is an offence for a British person to contract a polygamous marriage even in a country which permits it.

In other countries, polygamous marriages are permitted. If the parties to a polygamous marriage come to the UK, the law generally recognises the first husband or wife as such. However, there are some provisions which allow recognition of other husbands or wives for such areas as social security benefits, though the law is complex.

For tax purposes, a wife in a polygamous marriage is still a wife, so any tax allowance in relation to a wife may be claimed for her (*Nabi v Heaton. CA [1983] 57 TC 292*).

pomace	Crushed apples as used for cider making.
pons asinorum	Latin: asses' bridge. A severe test for a beginner.
pontage	(1) Toll paid to cross a bridge. (2) Tax charged to pay to repair a bridge.
pontoon	Card game which is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty .
Ponzi fraud	Investment fraud where supposedly high returns are simply paying early "investors" from money from later investors. It is named after Charles Ponzi who engaged in the practice.
pony	(1) Slang for £25. (2) Small horse, usually less than 14.2 hands high.
pood	Russian weight equal to about 36 pounds.
poof	Perjorative term for a homosexual.
Pooh-Bah	Someone who holds several offices at once; someone who is full of his own importance. The term comes from a character in <i>The Mikado</i> , an operetta by Gilbert and Sullivan.
pool	<p>Definition</p> <p>Collection of items viewed as a single resources.</p> <p>Examples include:</p> <ul style="list-style-type: none">• a repository of money from different sources.• a car pool, where no vehicle is allocated to a specific employee, so that tax is not payable on the car benefit,• a typing or secretarial pool for general clerical duties. <p>Capital allowances</p> <p>Balance of plant and machinery from which the annual writing down allowance may be determined.</p>

Under Capital Allowances Act 2001 s54(1), there are three types of pool:

- **single asset pool**
- **class pool**
- **main pool.**

For the class pool and main pool, the **written down value** from the previous year is brought forward. The value of new assets is added (less any **first year allowance**), the value received for the disposal of an asset is subtracted, a percentage is then calculated of the balance which is claimed as the capital allowance. This figure is then subtracted from the balance in the pool to give the written down value for the following year.

Gambling

Money collected from many bets.

Swimming pool

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

pool betting

Form of gambling where the prize money is a share of the sum staked (Gambling Act 2005 s12).

Customs notice 147 makes clear that this includes when:

- the winners share the stakes paid;
- the winners share a fixed amount; or
- the winnings are at the discretion of the promoter or some other person.

The betting must not be at fixed odds. Pool betting usually means the football pools, but it can extend to other forms of betting.

Such betting is subject to **pool betting duty**.

pool betting duty (PBD)

Tax charged on **pool betting**. It is calculated as 15% of net pool betting receipts (or gross profit). In Customs notice 147, these receipts are calculated as:

$$\text{Receipts} = S + E - W$$

where S is total stakes,
E is total of expenses and profits and
W is winnings.

All figures must relate to the same period.

The tax is charged under Betting and Gaming Duties Act 1981 s6 as amended.

Rates of duty for previous periods are given in the table below.

From	Rate
31 March 2002	15%
28 March 1999	17.5%
5 May 1996	26.5%
3 December 1996	27.5%
6 April 1990	40%
1 April 1982	42.5%
30 October 1981	40%

Before 1 April 1982, the rate was 33½% if licensed under Pool Competition Act 1971.

Payment of the duty is usually allowable as a deductible expense for corporation tax (Corporation Tax Act 2009 s138).

pool betting licence

Licence issued by Gambling Commission to someone who provides facilities for pool betting (Gambling Act 2005 s65(2)(d)).

pooled car

Car provided by an employer for business use only. Ordinarily an employee is not assessed to tax on the benefit of using such a car (Income Tax (Earnings And Pensions) Act 2003 s167).

pooled investment fund

Means to bring together the investments of many people or organisations and using the combined funds to obtain economies of scale and investment management skills not available to individuals. Examples include unit trusts, investment trusts, etc.

pooled van

Van provided by an employer for business use only. Ordinarily an employee is not assessed to tax on the benefit of using such a van (Income Tax (Earnings And Pensions) Act 2003 s168).

pooling risk

Minimising risk by spreading it, such as by underwriting one tenth of the risk in ten insurance policies rather than

underwriting the risk in the whole of one policy.

pool table This is specifically excluded from the scope of **amusement machine licence duty**.

poor Lacking in wealth or assets.

poor-box Box to collect money to help the poor.

poor-house Building that accommodates poor people.

poor law Laws which regulated relief from poverty provided between 1601 and 1948. A common theme was to classify poor people as deserving or undeserving. The former victims of misfortune should be helped, while the latter were lazy and should not be helped.

From 1552, parishes collected details of their poor. Magistrates provided piecemeal assistance in the form of work and grants. The Poor Law Act 1601 formalised the procedure of supporting the **impotent poor** and making the able-bodied work, mainly in the **workhouse**.

With variations, this system continued under a Royal Commission of 1832 into the poor law. This concluded that the poor law itself was becoming a cause of poverty, leading to the Poor Law Amendment Act 1834. This made workhouse conditions harsher as a means of encouraging the able-bodied to take work. As welfare provisions were introduced between 1906 and 1914, the poor law became less relevant. Workhouses were abolished under Local Government Act 1929. Other elements of poor law were transferred to local authorities before their final abolition in 1948.

poor-rate The original **rates** charged by a local authority to raise funds for the poor.

poortith Scottish term that means poverty.

Pooterism Being conventional and unimaginative. The term comes from the character Charles Pooter in *Diary of a Nobody* by G and W Grossmith.

POP **Permanent overpayment.**

pop	Old slang meaning to pawn.
popcorn	<p>For VAT purposes, unsweetened popcorn is zero-rated food; sweetened popcorn is standard-rated confectionery.</p> <p>This was determined in the old purchase tax cases of <i>C & E v Clark's Cereal Products Ltd [1968] 3 All ER 778</i> and <i>C & E v Popcorn House Ltd [1968] 3 All ER 782</i>.</p>
Pope	Head of the Roman Catholic church. The term is also used for other patriarchs.
poppy	Red flower, and the emblem widely worn in the first half of November to remember those who died in war. The symbol was adopted from the poppies that grew in Flanders where many died.
Poppy Day	Another name for Remembrance Day when poppies are worn .
population	<p>(1) In economics, the residence of an area such as a country.</p> <p>(2) In statistics, the number of items from which a selection may be made.</p>
populism	Policy of doing what is popular rather than what is right or necessary.
pork barrel	Political practice of spending money on a locally popular item rather than on more important items.
pork belly	Pork as a commodity unit.
pornography	Description or images of an indecent nature. Imported pornographic material may be seized by Customs if it could not legally be produced in the UK.
port	<p>Customs duties</p> <p>Place where goods may be legally offloaded from ships.</p> <p>The port must be approved under the provisions of Customs and Excise Management Act 1979 s19.</p> <p>Liquor</p> <p>Alcoholic drink made from blending wine with spirits. It is</p>

an exception to some of the rules regarding the blending of liquors (Alcoholic Liquor Duties Act 1979 s71(2)).

Other meanings

Left side of vessel when facing forward.

portability	Ability to move something. It applies to financial products such as mortgages, when it means that a mortgage can be transferred on the same terms to a new property.
portable drive	Hard disk in a case which can be connected to a computer for the access to large amounts of data. It is also used for security, as it avoids the need to keep sensitive data in a computer.
Portakabin	Trade name for a portable structure that can be used as, for example, a temporary office.
portcullis	Lattice-work device that can be lowered to block an entrance such as to a castle. The term was also used to describe an Elizabethan silver halfpenny that had this design on its reverse. A portcullis is also used as a symbol for the House of Commons.
porteous roll	In Scots law, a list of people to be tried.
porter	Type of dark beer, subject to beer duty . Historically the term has been used for other meanings.
portfolio	Collection of investments or similar viewed as a single entity. The term originally referred to a case or pair of boards for holding loose papers.
portfolio management	Buying and selling shares with a view to making a profit.
portfolio theory	Basis which an investor or their broker adopts for investing for a particular client.
portion	In executorship, this word has a specific meaning of the part of the estate left to a child or person to whom another stands in loco parentis .

portioner	In Scots law, the holder of a small feu that was originally part of a greater one.
Portillo, Michael	English Conservative politician (1953-) who was Shadow Chancellor from 1 February 2000 to 18 September 2001.
portrait	in computing, the orientation of a page so the longer side is vertical. The alternative is called landscape.
Portugal	European country which is a member state of the European Union, which includes the Azores and Madeira. Its currency is the euro of 100 cents. The UK has a double taxation convention of 1968.
position	Financial holdings with an institution, particularly holdings of a client with a stockbroker .
position audit	General review of a business, particularly the elements which are not financial in themselves but impact on the finances. A position audit may consider such matters as product mix, marketing, fulfilment, customer service, management, workforce satisfaction and return to shareholders.
positioning gap	In marketing, an area or means by which a product or organisation can achieve sales without competition. Such a gap may be found from a perceptual map .
positive	Certain; not negative; greater than zero.
positive carry	Deal where the cost of finance is less than the overall return.
positive discrimination	Policy of favouring certain categories of people who are otherwise seen as disadvantaged, such as women, blacks or the disabled. In the USA, such policy is usually called affirmative action . Positive discrimination is generally illegal in the UK as it is still discrimination. There are some exceptions. For example, Race Relations Act 1976 s38 allowed for separate workplace training for particular racial groups. The 1998 Good Friday Agreement in Northern Ireland requires the police force there to recruit equal numbers

	of Catholics and Protestants.
positive externalities	Beneficial consequences enjoyed outside an organisation deriving from activity with an organisation.
positive goodwill	The normal goodwill where a business has a value greater than its net assets.
positive licensing	Scheme of licensing which requires a person to have a licence to do something such as to drive a car or sell alcohol.
positive sign	The plus sign represented as +
positive yield curve	Graphic representation of when the yield on a short-term investment is greater than that on a long-term investment.
possess	Have custody of.
possessio civilis	Latin: civilian possession.
possession	<p>Having physical custody even though you may not own the goods.</p> <p>Strictly speaking ownership is having a legal title to the goods whereas possession is having custody. So if A lends a book to B, A is the owner and B is the possessor. However these terms tend to be used more loosely in everyday parlance.</p> <p>Legal rights attach separately. For example, the right to sell generally vests in the owner, but any theft of the goods is generally from the possessor.</p> <p>For Customs purposes, duty may be charged on possessions of travellers. Customs notice 3 says "generally speaking, 'possession' means 'to have' rather than 'to own'".</p>
possessio naturalis	Latin: natural possession.
possessions	<p>In relation to overseas income, the term means any source of income that is not within the definition of securities.</p> <p>Such income was taxed under Schedule D Case IV.</p>

possessive	Attitude of being unwilling to share or sell one's possessions.
POS safe	Safe for use with point of sale equipment. The safe is designed to be robust yet portable. It has two sets of keys. One set opens the safe, while the other allows it to be locked into position.
possible	Description of something that may happen, but may not be likely. It is a condition of a contract that performance is possible.
possible future repayment	The possibility that a trader may have to refund money received from a customer. This in itself is not sufficient to justify excluding the payment from taxable income. This was established in <i>Smart v Lincolnshire Sugar Co Ltd [1937] 20TC643</i> and is discussed in the Inspectors' Manual at BIM40085.
post	<p>Postal services</p> <p>Mail received or in transit.</p> <p>"Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been delivered at the time at which the letter would be delivered in the ordinary course of post" (Interpretation Act 1978 s7).</p> <p>Other meanings</p> <p>(1) Assign a transaction to the correct accounts in the bookkeeping system.</p> <p>(2) Position in an organisation.</p> <p>(3) A pole or similar that marks the end of a horsetrack.</p> <p>(4) A prefix meaning "after".</p>
post '97 COSR rights	"A member's rights derived from being a contracted out member of a scheme contracted out on a salary related basis, or after 6 April 1997 and any post '97 COSR rights or post '97 protected rights which have been transferred to the scheme from a COSR scheme, COMP/COMPSPH scheme, COMB scheme or APP/APPSPH scheme, but

excluding any rights derived from additional voluntary contributions paid for the member, ie section 9(2B) rights as defined in Regulation 1 of the Occupational Pension Schemes (Contracting-Out) Regulations 1996" (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

- post-2002 period of account** Accounting period of an insurance company which started after 31 December 2002 and ended after 8 April 2003 (Income and Corporation Taxes Act 1988 s444AH(3)). This is used in determining the tax liability for a life insurance company when there has been a **demutualisation transfer surplus**.
- post a credit** Enter a credit item in a book of account.
- postage** Charge made for conveying packages by post.
- postage stamp** Adhesive document which is attached to a document to indicate that postage has been paid. It was also once used to indicate payment of **stamp duty**.
In the UK, such stamps must bear the image of the monarch, and be issued under conditions now set out in Postal Services Act 2011 s62.
- postal** Pertaining to services of collecting, sorting and delivering mail.
- postal administrative order** Order of a court requiring a **universal service provider** of postal services to be run by a person appointed by the court (Postal Services Act 2011 s68).
- postal administrator** Person who runs a **universal service provider** of postal services under the provisions of Postal Services Act 2011 s72.
- postal infrastructure** "Includes both physical infrastructure (such as letter boxes) and infrastructure in non-physical form (such as information relating to postcodes and addresses or arrangements made with others for the provision of any service)"
(Postal Services Act 2011 s50(3)).

postal operator	“Means a person who provides — (a) the service of conveying postal packets from one place to another by post, or (b) any of the incidental services of receiving, collecting, sorting and delivering postal packets” (Postal Services Act 2011 s27(3)).
postal packet	“Means a letter, parcel, packet or other article transmissible by post” (Postal Services Act 2011 s27(2)).
postal services	“Means — (a) the service of conveying postal packets from one place to another by post, (b) the incidental services of receiving, collecting, sorting and delivering postal packets, and (c) any other service which relates to, and is provided in conjunction with, any service within paragraph (a) or (b)” (Postal Services Act 2011 s27(1)).
Postal Services Commission	Body that is now abolished by Postal Services Act 2011 s64.
postal union	Agreement between the post offices of major countries to carry each other's mail.
post and pray	American term for job recruitment where a position is advertised and it is hoped that good candidates reply.
post-acquisition benefits from securities	For employment income, there are specific tax provisions in Income Tax (Earnings And Pensions) Act 2003 from s447.
post-acquisition profit	Profit earned by a business after it has acquired another.
post-acquisition	Description of trading, profits or similar after a business has acquired another.
post-balance sheet event	Event that happens between the end of an accounting period and the approval of the accounts for that period. The tax implications of such hindsight are discussed

in the Inspectors' Manual at BIM38560.

- postal charge template** Temple with two long rectangles cut in it. Postal packages can be inserted into these holes to see whether the package is a letter or large letter.
- postal order** Document used to send money through the post.
A postal order is bought for any amount up to £250 at a post office. The amount payable is the face value plus a fee, previously known as **poundage**. Postal orders are preprinted in various amounts where odd sums are added by affixing postage stamps. Post orders can be redeemed for the face value by the recipient at the post office in UK or more than 40 other countries.
The postal order is completed in a way similar to a cheque, and can have the same **crossings**. It has the advantage that neither the sender nor recipient need have a bank account.
- post balance sheet event** Event that happens after the date of the balance sheet. If the event happens before the accounts are signed and is significant, it must be disclosed in a note to the accounts.
- post-cessation** There are special tax provisions for income received and expenses incurred after a trade has ceased.
Broadly, income is taxed but not as trading income.
From 29 November 1984, post-cessation expenses may generally be offset against post-cessation income.
- post-cessation property relief** Tax relief which may be available for payments made in connection with a property business which has ceased trading (Income Tax Act 2007 s125).
- post-cessation receipts** Corporation tax provisions are given in Corporation Tax Act 2009 from s188. The term is defined in s190 and s282. Their charge to tax is given from s280.
For income tax, details are given in Income Tax (Trading and Other Income) Act 2005 from s241. A definition is given in s246.
For property businesses, the tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s349. A definition is given in s353.

post clearance demand note (PCDN)

Notice issued by HMRC for customs duty and VAT that had cleared Customs for a duty-free purpose (such as under inward processing relief) but had subsequently become dutiable.

post-commencement pension in payment

“Means a pension to which a person became (actually) entitled on or after 6th April 2006” (Finance Act 2004 s220(2)).

postcode

Combination of letters and numbers that indicates an address. For residential properties, one postcode may apply to about ten properties. It is seen as an essential part of the address, though mail will be delivered without a postcode.

In the UK, they were introduced from 11 October 1959. Codes were introduced nationally between 1967 and 1974.

London had been split into compass points such as E for East in 1857, which were made more specific, such as E4, in 1917. Similar arrangements were introduced for other cities in 1934.

A postcode comprises in order:

- one or two letters denoting the main town or area
- one or two numbers, sometimes with a letter, denoting a division within that area, followed by a space
- randomly chosen number and letters to indicate the location within that division.

The resulting postcode has between five and eight characters.

For example, Buckingham Palace has the postcode SW1A 1AA. This denotes part of South West London.

The equivalent in the USA is called a zip code.

post-commencement period *Leasing*

In relation to leases of plant and machinery, the term means “so much of the period of the lease as begins with the commencement of the term of the lease” (Capital Allowances Act 2001 s70YF(3)).

Ring fence profits of the oil industry

“Means an accounting period beginning on or after 1

January 2006 —
(a) which is the **commencement period**, or
(b) which ends after the commencement period”
(Corporation Tax Act 2010 s309(1)).

post-commencement period of account

In relation to capital allowances for plant and machinery subject to a lease and finance leaseback, “means any period of account ending on or after 6th December 2006” (Finance Act 2007 Sch 5 para 17(6)).

post-commencement rental

In relation to capital allowances for plant and machinery subject to a lease and finance leaseback, “means —
(a) any amount receivable on or after 6th December 2006 in respect
of any period beginning on or after that date, or
(b) the appropriate fraction of any amount
receivable on or after that
date in respect of any period beginning before, and
ending on or
after, that date,
but does not include any amount received before that
date”
(Finance Act 2007 Sch 5 para 17(6)).

post-commencement supplement provisions

In context, “means this section and sections 323 to 329”
(Corporation Tax Act 2010 s321(4)).

post-completion audit

In management accounting, a review of the results of a project compared to the expectations in the original proposals.

postdated

Given a later date, usually on a cheque. Such a cheque may not be paid in until that later date.

Postdating does not affect the validity of the **cheque** or **bill of exchange** (Bills of Exchange Act 1882 s13(2)).

postdated cheque

It is permissible to pay tax with a postdated cheque. A penalty may be imposed if the postdating results in payment after the due date.

A covering letter should be sent with the cheque drawing the postdating to the attention of HMRC, to

avoid any attempt to pay it in immediately.

post-1 December 2004 loss In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s795.

post-1 December 2004 part In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s795(2).

post-employment benefits In accounting, "employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment" (FRS 102 glossary).

post-employment benefit plan "Formal or informal arrangements under which an entity provides **post-employment benefits** for one or more employees" (FRS 102 glossary).
Any plan designed to confer a benefit on former employees. FRS 102 section 9.12 states that such a plan is not be accounted for as a **special purpose vehicle**.

post-employment earnings "Means so much of any amount received after the **former employee** has ceased to hold the **former employment** as constitutes general earnings for the purposes of the employment income Parts"
(Income Tax (Earnings And Pensions) Act 2003 s563).
The PAYE provisions are given in PAYE regulations SI 2003 No 2682 from reg 37.

post-entitlement enhancement In relation to pension funds, "is an increase in the annual rate of a scheme pension under the arrangement, at a time after the member has become entitled to the scheme pension" (Finance Act 2004 s236A(2)).

poster For VAT purposes, a poster is not within the scope of books and therefore is not zero-rated under Value Added Tax Act 1994 Sch 8 Group 3, according to VAT notice 701/10.

However zero-rating was allowed to a quarterly publication of a 32-page magazine called *Just Seventeen Posters* which consisted almost entirely of posters that could be displayed when the magazine was unstapled. It was held to be within the ordinary meaning of a zero-

rated "periodical" despite having little text (*EMAP Consumer Magazines Ltd [1994] VTD 13322*).

poste restante

French: remaining post.

Arrangement whereby letters are delivered to a post office for collection by addressee.

post-free

Arrangement whereby the postage for mail is paid by the addressee and not the sender. It is sometimes used for marketing.

Post-free supplies are sometimes used to avoid VAT on zero-rated goods. For example a £20 book subject to £2 postage would incur 40p VAT on the postage charge, whereas a book sold post-free for £22 incurs no VAT.

postgraduate

Student in education having obtained a degree.

Postgraduates often study for a doctorate. From 2019, employers must deduct the cost of postgraduate loans through the payroll.

post-grant contravention

Where a person who is has a limited right to rent continues to rent property after that right has expired (Immigration Act 2014 s22(10)).

post-insolvency credit

Term defined in Finance Act 2008 s131 in relation to the restriction of HMRC to **set-off** a tax liability when an insolvency has started.

postliminy

Old legal term for the right of an exile to resume his or her former status when returning to their native land.

post litem motam

Latin: after litigation has been contemplated.

postmark

Embossed design printed over a stamp, thereby preventing its further use, as part of the process of delivering the mail. A postmark can also replace the stamp when a franking machine or other bulk mailing arrangement is used.

post meridian

After midday, afternoon. Widely abbreviated to pm.

post mortem

Latin: after death.

The term is widely used to mean a post-mortem

examination of a dead body.

postnominal letters

Letters a person is entitled to put after his or her name, also known as **designatory letters**.

post-nuptial

After the marriage, as in a settlement between a married couple regarding what should happen to their property should they separate.

A court may be guided by such an agreement, but is not bound by it.

post obit

Latin: after decease.

Agreement to pay a larger sum on the death of the borrower than if he were still alive.

post office

“Means any premises or vehicle in the United Kingdom from which postal services, or services provided under arrangements with a government department, are provided directly to the public” (Postal Services Act 2011s15(1)).

It is possible to pay self-assessment tax at a post office by cheque, cash or debit card. A cheque is made payable to Post Office Ltd. HMRC treats such a payment as an electronic payment.

Post Office company

A company “engaged in the provision of post offices”, or has been a subsidiary or a member of a group of a relevant company, or is otherwise so designated by the Secretary of State (Postal Services Act 2011 s6).

post office network

Network of post offices run by a **Post Office company**.

The company must make an annual report of its network (Postal Services Act 2011 s11).

post-policy holder surplus

Term used in Income and Corporation Taxes Act 1988 s444AJ in relation to taxation of life assurance companies.

postpone

Defer to a later date with the intention that the matter should still be dealt with and in the same manner.

postponed debt

In Scottish insolvencies, a debt that ranks after other debts, as set out in Bankruptcy (Scotland) Act 1985 s51.

postponed entry	Delay in the importation of goods. The Customs implications are set out in Customs and Excise Management Act 1979 s37B.
post purchase costs	Costs incurred after a purchase has been made, particularly of capital expenditure on a fixed asset which is designed to reduce costs.
post-return enquiry	Enquiry into a tax return by HMRC after its submission.
post-shipment declaration	A full statistical export declaration submitted to the CHIEF system after goods have been exported. A post shipment declaration is required following the export of goods under the Simplified Declaration Procedure (SDP) and Local Clearance Procedure (LCP).
post term	Abbreviation of post terminum, Latin: after the term. The return of a writ after the term, and for the fee that is then payable for its being filed.
postulate	Something which is taken for granted until a contrary position is assumed. It is also known as a rebuttable presumption. Auditing was once seen as being based on postulates. For example, an auditing postulate assumed that the preparer of accounts was honest but fallible. So an auditor would look for mistakes but not fraud.
post-war credits	Additional tax imposed during the war to be refunded to taxpayers afterwards. They were introduced by Finance Act 1941 s7 by reducing tax allowances. They were repaid under Income Tax (Repayment of Post-War Credits) Act 1959 in stages until 1973. In 1996, it was stated in Parliament that £33 million remained unclaimed. They are still referred to in tax law. Income and Corporation Taxes Act 1988 s824(7) states that their repayment is excluded from the scope of repayment supplement.
pot	(1) Term sometimes used to mean an accumulating fund, such as in a pension scheme. (2) Large sum of money, particularly in gambling.

pot-ale	Refuse from a grain distillery.
POTAM	Panel on Takeovers and Mergers.
POTAS	Promoter of Tax Avoidance Scheme.
potato crisps	These are standard-rated for VAT when packaged for human consumption without further preparation. They are excepted from the scope of zero-rating food by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 5.
potato puffs	These are standard-rated for VAT when packaged for human consumption without further preparation. They are excepted from the scope of zero-rating food by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 5.
potation	Drinking or the drink itself.
potboiler	Term used in art for a work produced primarily to provide income rather than for its artistic merits. Such a work is typically in a well-established and popular style.
poteen	Whiskey that is produced in an illicit still to evade duty, particularly in Ireland.
potential lost revenue	Term used in Revenue Scotland and Tax Powers Act 2014 s 187 in relation to tax penalties in Scotland.
potentially chargeable event	In relation to the remittance basis, this term is defined in Income Tax Act 2007 s809VH.
potentially exempt transfer (PET)	<p>“A transfer of value —</p> <ul style="list-style-type: none">(a) which is made by an individual on or after 18th March 1986 but before 22nd March 2006, and(b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and(c) to the extent that it constitutes either a gift to another individual or a gift into an accumulation and maintenance trust or a disabled trust. (Inheritance Tax Act 1984 s3A(1)). <p>Also, “a transfer of value —</p> <ul style="list-style-type: none">(a) which is made by an individual on or after 22nd

March 2006,

(b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and

(c) to the extent that it constitutes —

(i) a gift to another individual,

(ii) a gift into a disabled trust,

(iii) a gift into a bereaved minor's trust on the coming to an end of an immediate post-death interest" (Inheritance Tax Act 1984 s3A(1A)).

These definitions are further explained in later sections.

In practice, a PET is any donation made during a person's lifetime that is not immediately exempt. (Such exempt donations include a gift to a spouse, and amounts covered by the annual exemption or small gifts exemption).

potential ordinary share

In current accounting standards, "a financial instrument or other contract that may entitle its holder to ordinary shares" (FRS 102 glossary).

In previous accounting standards, "financial instrument or equivalent right that may entitle the holder to acquire ordinary shares (FRS 14).

potior est conditio defendants

Latin: the condition of a defendant is better.

This is the principle that, in civil law, the onus of proof is on the claimant.

pot-metal

Alloy of copper and lead, the traditional metals of old pots. Most modern pots are made of aluminium or stainless steel.

Pots and Pans Budget

Nickname given to Rab Butler's Budget of 25 October 1955. It introduced purchase tax on kitchen utensils.

pot-still

In brewing, a still in which the heat is applied directly to the pot containing the wash.

POTUS

President of the United States.

pot-waller

Someone who could establish their right to vote by boiling his pot on his own fireplace within the borough. It

was abolished by Reform Act 1832.

pouch

Pocket, bag or similar designed to hold money, goods or other items. Sometimes the term is used to denote the money so held.

Poujadism

French political philosophy espoused by Pierre Poujade (1920-2003). He supported rights of small businesses, particularly against the tax authorities leading to massive defiance of tax inspectors from 1953 in protest at high taxes and price control. The movement peaked at 400,000 followers and won 52 seats in the 1956 election. It faded when de Gaulle became president in 1958.

poultry

"Domestic varieties of the following, that is to say, fowls, turkeys, geese, ducks, guinea-fowls, pigeons and quails" (Animals Act 1971 s11).

For VAT, poultry for food is zero-rated; ornamental breeds are standard-rated. The exact scope is set out in VAT notice 701/15.

pound

Currency

Main unit of currency in the UK for more than 2000 years. It is indicated by the sign £ before the amount. This is a stylised form of the letter L for the Latin "librum". The value was originally of a pound weight of silver.

The pound is divided into 100 pence since decimal currency in 1971. Previously it was divided into 20 shillings, each of which was divided into 12 pence, giving 240 pences to the pound.

The pound is also the term used for the currencies of Cyprus, Egypt, Lebanon, Malta, Sudan and Syria. It was the unit in the Irish Republic until it adopted the euro.

Weight

Imperial unit of weight, denoted by the letters "lb" after the number. There are 16 ounces in a pound There are 14 pounds in a stone, 112 in a hundredweight and 2,240 in a ton.

A pound is equal to 453.59237 grams. There are 2.2046 pounds to a kilogram.

poundage

- (1) Tax introduced on imports in 1748.
- (2) Charge made according to an underlying value. The

term was once used to describe the fee payable for buying a postal order.

pound coin

Circular coin worth one pound minted from 1983 to 2015 as a replacement for the pound note. A 12-sided bimetallic pound coin is issued from 2017.

Historically there have been many gold coins, such as the sovereign, worth one pound.

pound cost averaging

Strategy for purchasing shares or other securities. Typically this involves spending the same amount regularly each month buying shares whatever their price. This strategy ensures that more shares are acquired than if bought at their average price for the year.

For example someone spends £120 each month buying shares that traded at £6, £8, £10 and £12 when bought. They will buy 20, 15, 12 and 10 shares respectively giving a total of 57. This equates to an average share price of £8.42.

The investor would only have acquired 53 shares if they were bought at the average price of £9.

pound-foolish

Description of someone who attends to matters of small finance and ignores those involving large amounts. The term is sometimes expressed as "penny wise, pound foolish".

pound in your pocket

Term coined by prime minister Harold Wilson on 18 November 1967 when the pound was subject to **devaluation** by 14% from £1=\$2.80 to £1=\$2.40.

pound note

Bank note worth one pound in money and intended to be used as currency. In the UK, there is no legal tender pound note. The Bank of England note was withdrawn on 11 March 1988 and replaced by a **pound coin**. Notes issued by Scottish and Northern Irish banks are not strictly legal tender in the UK, though they are widely accepted.

The Bank of England briefly issued a little-used £1 note from 1797.

The first £1 note was issued by The Treasury in 1914 as a war-time economy to preserve gold. It was declared legal tender. The task passed to the Bank of England.

From 1928, bank notes were printed using colour,

with green being the predominant colour for £1 notes. The last design was the Series D note issued on 9 February 1978 and depicting Isaac Newton on the reverse.

pound of flesh

Strict exaction of one's dues regardless of consequences of unjustified suffering by the borrower.

The term comes from *Merchant of Venice* by Shakespeare in which the money-lender Shylock lends money to Antonio on security of a pound weight of flesh next to the heart. Antonio's friend Portia successfully appeals on the grounds that exacting this would make Shylock guilty of murder.

pound sterling

UK pound seen as a unit of currency.

pourboire

French word for a tip, literally a sum for the recipient to buy a drink.

poverty

Insufficiency of funds for normal living.

A distinction is usually made between **absolute poverty** and **relative poverty**.

Absolute poverty is when someone has insufficient income to provide the basics of normal life. Relative poverty is when someone is disadvantaged compared with their peer group. The latter is traditionally defined as living on less than 70% of median earnings. Deep poverty is living on less than 40%.

poverty line

Level of income necessary to sustain a minimum standard of life.

poverty-stricken

Suffering from **poverty**.

poverty trap

Situation where a person cannot escape from **poverty**. An example is where means-tested social security benefits are withdrawn as a person earns more.

Powellism

Views on immigration and economy as espoused by the English Conservative/UUP politician Enoch Powell (1912-1998).

power

Law

In law, a legal right to alter the rights, duties or powers of

oneself or others.

Utilities

A supply of energy, such as electricity or gas.

For VAT, a supply of power is treated as a supply of goods (Value Added Tax Act 1994 Sch 4 para 3). As such, supplies for residential use are generally reduced-rated under ibid Sch 7A Group 1, but standard-rated for other supplies.

powerhouse

Place where mechanical power is generated. By extension, the term is used to provisions designed to generate enterprise, such as the Northern Powerhouse promoted by Chancellor George Osborne.

power of appointment

Right for one person to appoint someone else to a particular position. Such a power is usually given in a deed or will.

power of attorney

Legal arrangement allowing someone to administer another person's affairs.

power of maintenance

Power provided by a will or deed giving trustees the power to spend income of trust property on the maintenance and education of children who will be the ultimate beneficiaries.

The power is given by Trustee Act 1925 s31.

power plant

Industrial premises used to generate power, particularly electricity.

power player

Person who uses their position in an organisation for improper purposes, such as to secure personal financial benefits (such as backhanders) or for sexual harassment of junior staff.

power politics

Political action governed by the knowledge that proponents can back up their demands with military or similar power. By extension, the term is sometimes used in the workplace where powerful individuals use their position to get their own way.

powers that be	Ruling authorities. The term comes from Romans 13:1 in The Bible.
power to enjoy	Term used in determining whether a person benefits from income or equivalent benefit, and thereby has a tax liability.
power to obtain information	For income tax, HMRC's powers are given in Income Tax Act 2007 s771
Poynter Review	<p>Review conducted in 2007 into HMRC's loss of 25 million personal records relating to the payment of child benefit. The discs were never found.</p> <p>The Review was critical of the management and governance of HMRC. These were revised as a result of the Review.</p>
PP	Personal pension.
pp	Per pro, indication when a letter is signed on behalf of the sender.
PPBS	Planning programming budget system (PPBS).
PPD	Prompt payment discount.
PPE	(1) Property, plant and equipment. (2) In education, politics, philosophy and economics.
PPERA	Political Parties, Elections and Referendums Act 2000.
PPF	Pension Protection Fund.
PPFM	Principles and Practices of Financial Management, publication of the Financial Services Authority.
PPF Ombudsman	Ombudsman for the Board of the Pension Protection Fund.
PPI	Protection plan insurance.
PPIA	Protected pension input amount.

PPIAFRC	Payment Protection Insurance Additional Fully Reportable Countries.
ppl	Pence per litre. The term is commonly used in connection with tax on petrol and diesel.
PPOB	Principal place of business.
PPP	Personal pension plan [There is also a health insurance company called PPP.]
PQE	Post-qualification experience.
PR	(1) Personal representative. (2) Prospectus Rules handbook, published by the Financial Services Authority. (3) Public relations. (4) Proportional representation. (5) Ring-fenced profits, in corporation tax calculation.
PRA	(1) Prudential Regulation Authority (2) Position risk adjustment, a percentage applied to a figure representing a risk in an insurance company.
PRA Handbook	“Means the Handbook made by the Prudential Regulation Authority under FISMA 2000” (Corporation Tax Act 2009 s133H(7)).
practice	Professional business, as in “accountancy practice”.
practice directions	Procedural directions for hearings in court or before tribunals. The power to issue these for tax tribunals is given in Tribunals, Courts and Enforcement Act 2007 s23.
practice file	File of sample data provided with some software to give the user a chance to learn how to use the software without using real data.
praedial	Pertaining to, connected with, or deriving from the land.
praepositus	Latin: one put in front. A person in authority.

pratique Licence given to an incoming vessel that can show a **clean bill of health**.

praxeology Study of human action based on the notion that humans engage in purposeful behaviour, rather than reflexive behaviour. It is closely associated with the **Austrian school** of economic theory.

pragmatic Description of a decision made according to consequences rather than principle, such as paying a tax demand of £70 that the taxpayer believes is not owed, because the cost and effort of contesting it would be disproportionate.

The word can also mean an edit, a busybody, a man of business, and an opinionative person.

prairie value Value of land in its natural state before any work is done by man.

pratique Permission to trade after an individual has returned to health after a period of quarantine. There is now no such provision in English law.

pray against English Parliamentary term meaning to ask the Crown to annul an order.

prayer card For VAT, prayer cards and cards containing bible verses are not zero-rated as leaflets (*Christian Art Ltd [1990] VTD 5940*). A leaflet must be limp.

PRBC **Pre-return banding check**, for annual tax on enveloped dwellings.

pre-6 April 2011 lump sum rights

Term used in relation to **disguised remuneration** (Income Tax (Earnings And Pensions) Act 2003 s554W(5)).

pre-13 November 1974 will trusts

Trust created by the will of a person who died before 13 November 1974 on terms that the surviving spouse received an interest in possession, and that spouse was not entitled to demand that the capital be paid to his or her.

Under Inheritance Tax Act 1984 Sch 6 para 2, such a

trust is exempt from the charge that would otherwise arise when an interest in possession trust comes to an end. This provision reflects the fact that estate duty would have been paid on such trusts.

pre-20 March 2013 relevant accounting period

Accounting period that starts before 20 March 2013.

The term is used in relation to share options in Corporation Tax Act 2010 s1038A(4) as inserted by Finance Act 2013 s40(3).

pre-26 November 1996 schemes

In relation to anti-avoidance on leases, the term is used in Corporation Tax Act 2009 s930.

pre-1894 powers

Powers that existed before 1894 in respect of appointment of trustees to **parochial trusts** (Charities Act 2011 s300).

pre-1927 powers

Powers that existed before 1927 in respect of appointment of trustees to **parochial trusts** (Charities Act 2011 s301).

pre-1973 pension

Payments of such pensions under Overseas Pensions Act 1973 are subject to the tax provisions of Income Tax (Earnings And Pensions) Act 2003 from s629.

pre-1978 protective trust

Trust comprising "settled property which is held on trusts to the like effect as those specified in section 33(1)(ii) of the Trustee Act 1925 and which became held on those trusts on the failure or determination before the 12th April 1978 of trusts to like effect as those specified in section 33(1)(i)".

(Inheritance Tax Act 1984 s73).

pre-1981 trusts for disabled persons

A trust where property was settled before 10 March 1981 for the benefit of a **disabled person**. The inheritance tax provisions are given in Inheritance Tax Act 1984 s74.

pre-2006 pension scheme

In relation to HMRC powers of information, this term is defined in Finance Act 2008 Sch 36 para 34C.

pre-2016 accounting period

In relation to corporation tax surcharge on banks, "is an accounting period of the company ending before 1

January 2016" (Corporation Tax Act 2010 s269DC(2)(b)).

pre-accession treaties	Treaties of the European Union and its predecessor bodies that were agreed before the UK became a member. The treaties date from 1951 to 1970. They are listed in European Communities Act 1972 Sch 1 Part 1.
pre-acquisition	Before a new business was acquired.
pre-acquisition profits	Profits earned before a new business was acquired.
pre-acquisition write-down	Reduction in the fair value of a new subsidiary in the balance sheet of its holding company.
pre-announcement loss	In relation to loss relief for non-active traders, the definition is given in Finance Act 2008 Sch 21 para 4(4).
pre-arranged exit	Provision that can affect the tax treatment under the enterprise investment allowance scheme. Details are given in Taxation of Capital Gains Act 1992 sch 5B from para 11.
preaudience	Right of precedence at the bar among lawyers.
prebend	Share of a cathedral or collegiate church historically allowed to a clergyman who ministers there. The titled Prebendary remains a courtesy title.
pre-billing	Practice of submitting a bill for services before they have been provided.
pre-budget proposals	In relation to the tax lock on national insurance, "means the government's pre-budget fiscal proposals for a tax year which are contained in a document presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty" (National Insurance Contributions (Rate Ceilings) Act 2015 s3(5)).
Pre-Budget Report (PBR)	Statement made by the Chancellor of the Exchequer, usually in autumn, which sets out the state of the economy and gives some indication of possible tax changes. Some PBRs have been very similar to the main Budget speech.

precancel	Negate a postage stamp by postmark or similar before the letter or package has been delivered.
precatory	Expressing a wish, request or recommendation that is not legally binding though usually followed. A letter to a pension fund expressing who should receive any continuing benefit after the member's death is precatory.
precatory trust	Trust that is created by precatory words .
precatory words	In executorship, words in a will expressing a desire or wish. Such words can create a precatory trust .
precede	Go before in time, position, rank or importance.
precedence	Rules of ranking in society. The highest precedence is the monarch, followed by their spouse. The highest non-royal person is the Archbishop of Canterbury.
precedence condition	Term used in Corporation Tax Act 2010 s121 in relation to loss relief for EEA tax losses . The condition relates to how far loss relief may be claimed outside the UK.
precedent	<p>A judgment of the court that establishes law in a court case.</p> <p>Traditionally, the courts ruled on legal matters and decided issues on the basis of custom and justice. This created the common law. The courts no longer create new laws, but do clarify existing ones.</p> <p>The judgment of the court contains the ratio decidendi which states the reason for the decision. It may also contain obiter dicta, which refers to other comments made in passing.</p> <p>A precedent is said to be a binding precedent if it establishes a rule of law, or a persuasive precedent if it merely indicates a rule. Persuasive precedents come from obiter dicta and from non-English jurisdictions which have a similar system of law, such as the USA, Australia or New Zealand.</p> <p>It is open to a litigant to argue that a precedent should not apply in a particular case by distinguishing it from the precedent. Otherwise a precedent can be overturned only by a ruling from a higher court or by legislation.</p>

Where precedents are quoted, the **citation** must be given.

preceding year

The year before the current one, particularly when that year is an accounting period.

precept

Order requiring a person to take money or property from someone for the first person's benefit.

In particular, the term refers to the amount each non-billing authority, (County Council, Police Authority or Parish Council) asks the billing authority (district and borough council) to collect every year to meet their spending.

pre-change asset

Asset held by a company before a change of ownership (Taxation of Capital Gains Act 1992 s184A(3)).

precious metal

A metallic element which is used as a store of value. These coins can be made into **coins** or **ingots** for storage. Precious metals tend to be less reactive and more ductile than other metals. They also have a greater lustre. Precious metals are also widely used for jewellery. Some have other applications, such as for electrical conductivity.

The main precious metals are gold and silver, with the former being more valuable. Other precious metals are platinum, palladium, ruthenium, rhodium, osmium and iridium. The value of the metal largely depends on its rarity.

The Financial Services Authority defines precious metals as gold, silver and platinum.

precious stone

Jewel.

precise

Exact, accurate, not vague.

precognition

In law, examination of a witness before trial to see if there is sufficient evidence for prosecution.

In Scots law, evidence thus obtained.

pre-commencement period

Accounting standards

For accounting standards, "in relations to regulations, means an accounting period, or part of an accounting period, which begins before the regulations are made"

(Corporation Tax Act 2009 s465A(8)).

Ring fence profits in the oil industry

“Means an accounting period —

(a) beginning on or after 1 January 2006, and

(b) ending before the **commencement period.**”

(Corporation Tax Act 2010 s309(1)).

pre-completion transaction	Term used in relation to stamp duty land tax from 17 July 2013. Its provisions are contained in Finance Act 2013 Sch 39. It replaces the previous “transfer of rights” provisions. HMRC issued a guidance note on 17 July 2013.
precompletion transfer	Transfer of rights in a property which are not completed for several years. This was an attempt to exploit the rules in Finance Act 2003 s45 to avoid or defer stamp duty land tax. While it is questionable whether such avoidance schemes are tax-effective, the matter has been explicitly put beyond doubt by a change in this section effective from 21 March 2012.
preconception	Forming an opinion before considering evidence.
precondition	Condition that must be satisfied before a matter can be negotiated.
pre-connection carrying value in D's accounts	Term used in relation to loan relationships held by a connected company. The term is defined in Corporation Tax Act 2009 s362(3) as amended by Finance Act 2012 s23.
precontract	Contract previously made. The term was particularly relevant for the new abolished breach of promise.
pre-contract expense	When this incurred by a company in connection with a derivative contract, it qualified for tax relief as if had the expense had been occurred in connection with the derivative (Corporation Tax Act 2009 s607).
predate	Assign an earlier date to. This can amount to the crime of forgery.

- predeceasing** Dying before someone else. The term is particularly relevant in inheriting, such as for a **surviving spouse**.
- predecessors** In relation to partnerships and capital allowances on leases, this term is specifically defined in Capital Allowances Act 2001 s263(2). It basically means former partners.
- pre-decimal currency** Currency used in the UK before **decimal currency** was introduced in 1971.
Pre-decimal currency used the same basic unit of the pound, but this was divided into 20 shillings, each of which was divided into 12 pence. So there were 240 pence to the pound. The penny was further divided into halfpennies and farthings (quarter pennies), which could be further divided into half farthings, third farthings and even quarter farthings.
The common pre-decimal coinage was the halfpenny, penny, threepence, sixpence, one shilling, florin (two shillings), and half-crown (two shillings and sixpence).
A decimal penny is worth 2.4 pre-decimal pennies.
- predetermined overhead cost rate** In management accounting, the **overhead cost rate** as determined before the reporting period.
- predictive value** The quality of **accounting information** in helping users to evaluate past, present and future events. The information does not need to have the nature of a forecast; indeed, it includes evaluating past information.
Predictive value is one of the two factors of **relevance** set out in **Statement of Principles**. The other is **confirmatory value**. Relevance is one of the four qualities of accounting information required by Statement of Principles.
- predominant activity** For VAT on water, test to determine whether the customer is engaged in **industrial activities**. Water to such a customer is generally standard-rated. Details of the test are given in VAT notice 701/16.

pre-empt	Take action to prevent some other action from happening.
pre-emption right	Right of an existing shareholder to have the opportunity to buy new shares before they are offered to others.
pre-entitlement gain	For capital gains tax, a gain that accrued before being settled in a trust and which subsequently was disposed of for a loss (Taxation of Capital Gains Act 1992 s71(2A)).
pre-entry loss	Tax provisions are given in Taxation of Capital Gains Act 1992 s177A, as amended by Finance Act 2011 Sch 11.
pre-existing condition	In insurance, any physical or mental conditions that exist prior to the effective date of insurance coverage.
pre-existing term	In relation to capital allowances for assets on a long funding lease, the term is specifically defined in Capital Allowances Act 2001 s70YC(7).
prefabrication	Process where large parts of a machine, building, vehicle or other item are manufactured and assembled in advance.
preference	<p><i>Imports</i></p> <p>A system under which eligible goods imported into the EU from certain non-EU countries qualify for a reduced (often nil) rate of Customs Duty. These arrangements also cover EU goods exported to the non-EU country.</p> <p><i>Insolvency</i></p> <p>In debt recovery, favouring one creditor over another. This is unlawful once insolvency proceedings have started.</p>
preference dividend	Dividend paid on a preference share .
preference payment	<p>Under US law, a payment made by a bankrupt in the three months before a bankruptcy.</p> <p>These may usually be recovered by a straightforward administrative process. Payments more than three months before may be fraudulent conveyance and may require a court hearing to recover.</p>

preferences	In computing, part of the software which allows the user a choice in such matters as how data is presented on the screen.
preference shares	<p><i>Accounting</i></p> <p>Form of financial instrument.</p> <p>They are shares in a company which give the holder a preference (although not an automatic right) to receive a dividend before any ordinary share dividend is declared.</p> <p>Under international accounting standards, preference shares are classified as quasi-debt.</p> <p><i>Tax</i></p> <p>For tax, a statutory definition is:</p> <p>“Shares:</p> <ul style="list-style-type: none">(a) which do not carry any right to dividends other than dividends at a rate per cent of the nominal value of the shares which is fixed, and(b) which carry rights in respect of dividends and capital which are comparable with those general for fixed-dividend shares included in the official UK list” (Income and Corporation Taxes Act 1988 s210(4)).
preferential	Showing that something or someone is preferred.
preferential creditor	Creditor who must be paid before other creditors.
preferential debt	Expense which ranks before all other debts except the fees and expenses of the insolvency practitioner.
preferential payment	Payment to a preferential creditor .
preferential rate of duty	Special low rate of Customs duty agreed with a particular non-EU country. Details of the system are given in Customs notice 826.
preferential share	Shares which are part of a new issue set aside for the company's employees.
preferential share purchase	<p>When an employee is able to buy shares in a flotation (particularly a privatisation) on better terms than a member of the public.</p> <p>This is clearly a benefit in kind which is potentially taxable in the hands of the employee. However, the</p>

benefit is relieved in two ways.

First, the employee is not taxed on the benefit simply of being able to acquire *more* shares than a member of the public in an oversubscribed issue. This is specifically allowed for in Finance Act 1988 but has always applied in practice.

Second, from 10 October 1988, an employee is taxable only on the difference between the price paid by the employee and the price paid by the public. Without this provision, the employee could be liable for additional tax on the difference between the market price and the price paid by the public.

pre-fermentation mixture	In relation to cider or perry, “means the mixture of juice and other ingredients in which the fermentation from which the cider (or perry) is obtained takes place, as that mixture exists immediately before the fermentation process commences” (Alcoholic Liquor Duties Act 1979 s1(6)(i)).
preferment	Promotion or advancement, particularly in the church.
preferred bidder	Term that indicates that a bidder is likely to be successful, even though the contract has not yet been awarded. Being given this status for a long-term contract allows the costs to be charged to the contract for accounting purposes, rather than be written off in the profit and loss account.
preferred creditor	Creditor who must be paid first in a liquidation.
preferred share	Another term for preference share .
pre-finance goods	An arrangement whereby an export refund is paid on Common Agricultural Policy (CAP) goods in advance of the actual export. Goods must be deposited in a customs warehouse or Free Zone specially approved for pre-financing.
pre-financing	Financing in advance. Specifically, the system permitting payment of CAP export refund when goods for export are placed in Customs control in warehouse, or when basic products from which goods for export are to be produced are

placed in Customs control at the manufacturing premises.

pregnancy

State of a woman who is carrying a child in her womb.

pregnancy-related illness

An illness caused by pregnancy. An illness is not pregnancy-related if the pregnancy merely exacerbates it. Pregnancy itself is not an illness.

The decision on whether an illness is pregnancy-related must be made by the employer, for which official guidelines are available. If there is doubt, the employer should seek medical advice. An employer is expected to consider representations from the employee before deciding that a condition is pregnancy-related.

If a woman contracts a pregnancy-related illness in the four weeks before the **expected week of childbirth**, the start of the illness automatically starts the **maternity pay period (MPP)** (assuming that the woman is eligible for **statutory maternity pay** and has not already chosen to start her MPP).

pre-grant contravention

Where a person rents a property when he does not have sufficient residential status to do so (Immigration Act 2014 s22(10)).

pre-incorporation contract

Contract made on behalf of a company before it is formed (Companies Act 2006 s51).

The person who makes the contract is personally liable under it unless the company agrees to ratify the contract.

pre-insolvency debt

Term defined in Finance Act 2008 s131 in relation to the restriction of HMRC to **set-off** a tax liability when an insolvency has started.

pre-invoicing

Invoicing before the normal date. If this is done to avoid a forthcoming increase in the rate of VAT, the supply may be caught by **anti-forestalling provisions**.

prejudice

When a matter has been wholly or partly determined before hearing the evidence.

prelibation

Traditional offering of the first fruits.

- preliminary announcement** The first announcement by a listed company of its profit for the most recent accounting period. This precedes the publication of the full **annual report**. The announcement is made to the entire stock market so that all investors receive information at the same time.
- preliminary hearing** **Hearing** on a **preliminary issue**.
- preliminary issue** In tax cases, a matter dealt with before the hearing on the substantive issue. A preliminary issue is often on an administrative matter such as whether a claim was in time, or if the tribunal has authority to hear the issue.
- preliminary notice** For diverted profits tax, a notice given by an HMRC office to a company where the former suspects that tax has been avoided by the diversion of profits.
The law is Finance Act 2015 from s93.
- premier** Person who is recognised as the leader of a country, by whatever name known in that country, such as president or prime minister.
- premises** In relation to Revenue Scotland's power to inspect **business premises**, the term is defined as including "any building or structure, any land and any means of transport" (Revenue Scotland and Tax Powers Act 2014 s141(4)).
In relation to HMRC's similar powers, the term "includes —
(a) any building or structure,
(b) any land, and
(c) any means of transport"
(Finance Act 2008 Sch 36 para 58).
- premises-based licence** One of the three forms of **amusement machine licence duty**. (The other two are the **special licence** and **bulk licence**.)
This lasts for between one and 12 months for premises where amusement machines are situated for playing.
- premises licence** Licence from a local authority with regard to particular premises (Licensing Act 2003 s16ff).

premium

Insurance

The single or regular periodic payment made to an insurance company in respect of an insurance policy.

Leases

In relation to a **lease**, the term "includes any similar sum payable to the immediate or a superior landlord or to a person connected with such a person" (Corporation Tax Act 2009 s247(1) and Income Tax (Trading and Other Income) Act 2005 s307(3)).

Accounting

Sum additional to the main amount, such as the amount paid for a share above its nominal value.

premium bond

National Savings product but where the interest is not paid but converted into prizes which are allocated on the basis of producing random numbers.

premium income

Income which an insurance company receives from premiums from its customers.

premium number

Another name for a **premium rate number**.

premium offer

Free gift offered to attract new customers.

premium on redemption

An additional amount paid by a company to a holder of a share or debenture above its nominal value when the company buys it back.

premium rate

Telephone number that attracts a much higher charge, usually because part of the payment is paid to the caller. The most expensive premium numbers start 09. Other premium rate numbers start 070, 0844, 0845, 0870 and 0871.

Such numbers are subject to OFCOM regulation under Communications Act 2003 s120.

premium rate number

Telephone number that attracts a higher rate of charge when called, part of that charge being paid to the person being called.

premium rate services (PRS)	Services available from a premium rate telephone number.
prenuptial agreement	<p>Agreement made between two people before they marry on what happens if they separate. Such agreements are common when one party is already wealthy at the time of the marriage.</p> <p>Although a pre-nuptial agreement cannot be upheld under English law, it will be considered by a judge when making a divorce settlement.</p>
pre-owned assets (POA)	<p>Property that someone owned at some point from 17 March 1986, and which is no longer owned by them though they continue to receive some benefit. From 6 April 2005, an income tax charge can arise.</p> <p>The law is contained in Finance Act 2004 Sch 15, and in Finance Act 2007 s66. Regulations are contained in SI 2005 No 724.</p> <p>This measure is an anti-avoidance measure to stop exploitation of the rules for gifts with reservation. So a new owner may elect to bring the assets within the scope of his estate. This puts it outside the POA regime. Details are given in leaflet IHT 500.</p>
Prentice Report	Report commissioned by the government in 1986 from Dr D D Prentice on the ultra vires rule in company law. The Report recommended its complete abolition. The recommendations were reflected in Companies Act 1989, which did not abolish the rule but restricted it to the relationship between shareholders and directors.
pre-preferential debt	Expenses and fees of the insolvency practitioner, which are paid before all other debts.
prepaid interest	Where interest has been paid before it is due.
prepaid	Where payment has already been made.
prepayment	<p>When a payment is made in one accounting period all or some of which relates to a later period. The opposite is called an accrual.</p> <p>For example, a business which makes its accounts up to 31 March, pays six months' rent of £1,200 in advance on 1 February. Four months of this relates to the</p>

following accounting period, so an adjustment is made (usually as a **journal entry**) whereby £800 is charged to the later accounting period. The **double entry** is to debit prepayments and to credit the relevant expense heading in the profit and loss account, such as rent.

Prepayments appear as a debit in the **trial balance**. They are transferred to the balance sheet as a **current asset**.

prepayment certificate

In medicine, an annual season ticket for prescription charges. Such a ticket is issued for three months or 12 months. It is usually cost effective to buy such a certificate if the patient would otherwise pay for four prescriptions in three months or 14 in 12 months.

The legal definition is "a certificate which confers on the person to whom it is granted exemption from charges otherwise chargeable under the regulations in respect of drugs, medicines and appliances supplied during such period as may be prescribed" (National Health Service Act 2006 s174).

prepayment

Payment before the period to which it relates. Common examples include rent and subscriptions.

In bookkeeping, this is the opposite to an **accrual**. Prepayments require a journal entry at the end of the accounting period. The amount of the prepayment which relates to a future accounting period is calculated. The double entry is: debit prepayments, credit the relevant expense. This journal needs to be reversed at the start of the next accounting period.

Usually the accounting treatment determines the tax treatment (Inspectors' Manual at BIM42210).

prepayment penalty

American term for an additional charge made when a loan is repaid before the due date.

prepenultimate

Last but two.

pre-registration expenses

Goods and services received before registration for VAT and on which there is an entitlement to claim the VAT as input tax.

The entitlement is three years for goods, and six months for services.

pre-return banding check (PRBC)

Check undertaken by HMRC to confirm that a residential property is in the correct value band for the purposes of **annual tax on enveloped dwellings**.

Prerogative Court

Court that once had jurisdiction over testamentary matters.

Prescott, John

English Labour politician (1938-) who was deputy prime minister from 2 May 1997 to 27 June 2007.

prescribed

"In the Companies Acts "prescribed" means prescribed (by order or by regulations) by the Secretary of State" (Companies Act 2006 s1167).

prescribed accounting period

Term used in Value Added Tax 1994 s57 in relation to when an employer must make an adjustment in a VAT return in respect of road fuel provided for an employee's private use.

prescribed area

For Customs purposes, "means such an area in Northern Ireland adjoining the boundary as the Commissioners may by regulations prescribe" (Customs and Excise Management Act 1979 s1(1)).

prescribed occupation

An occupation where those who work in it may take a full pension at an earlier age than otherwise allowed.

The occupations are: athlete, badminton player, boxer, cricketer, Cyclist, Dancer, Diver (Saturation, deep sea and free Swimming), Footballer, Golfer, Ice Hockey Player, Jockey – flat racing, jockey – National Hunt, Member of the Reserve Forces, model, Motor Cycle rider (Motocross or road racing), motor racing driver, Rugby League player, Rugby Union player, skier (downhill), snooker or billiards player, Speedway Rider, Squash Player, table tennis player, Tennis Player (including real tennis), trapeze artiste, wrestler.

prescribed scheme

Any of the following pension or superannuation schemes: The Armed Forces Pension Scheme, The British Transport Police Force Superannuation Fund, The Firefighters' Pension Scheme, The Firemen's Pension Scheme (Northern Ireland), The Police Pension Scheme, The Police Service of Northern Ireland Pension Scheme, The Police

Service of Northern Ireland Full Time Reserve Pension Scheme.

- prescribed territory** In relation to savings income, “means another member State [of the European Union], Aruba, the British Virgin Islands, Gibraltar, Guernsey, the Isle of Man, Jersey, Montserrat, or the Netherlands Antilles” (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(2)).
- prescribed use** For Customs purposes, the final use to which goods will be put and which entitles them to End Use relief, this is normally specified in the Tariff.
- presence** State of being in a particular place. The term is used in such contexts as claiming tax credits, for which presence in the UK is a requirement.
- pre-sentence report** Report ordered by a judge or magistrate in respect of a person convicted of a criminal offence but where sentence has yet to be passed (Criminal Justice Act 2003 s158).
- present fairly** A condition of the **IASB system**, equivalent to **true and fair view** in the **UK ASB system**.
- present gravity (PG)** Current gravity of beer. Customs notice 226 explains how this may be used to determine alcoholic strength for payment of **beer duty**.
- presentment** Process of submitting a cheque for payment (Bills of Exchange Act 1882 s74).
Electronic presentment is permitted by *ibid* s89A added by Small Business, Enterprise and Employment Act 2015 s13(2).
- present value** Amount expressed in currency at today's value, particularly when talking about a past or future amount which has been adjusted for inflation.
- presentation** **Customs**
For Customs purposes, showing of goods or a document as required.
In particular, the term is used for the notification of

imported goods to HMRC in the manner laid down of the arrival of goods at the customs office, or any other place designated or approved by HMRC.

Accounting

In accounting, how items appear on financial statements.

The choice of presentation is an **accounting policy**, so any change of presentation is a change of accounting policy (FRS 18 para 12).

presentation currency

"The currency in which the financial statements are presented" (FRS 102 glossary).

presentation of goods

The notification to customs in the manner laid down of the arrival of goods at the customs office or at any other place designated or approved by customs.

presentment of instruments by electronic means

Another term for **electronic presentment**.

This allows cheques to be cleared by sending an electronic image of both sides of the cheque rather than the cheque itself. It is permitted by Bills of Exchange Act 1882 s89A as inserted by Small Business, Enterprise and Employment Act 2015 s13(2).

present partners

In relation to capital allowances on leases, "means the person or persons for the time being carrying on the qualifying activity" (Capital Allowances Act 2001 s263(2)).

present value

"A current estimate of the present discounted value of the future net cash flows in the normal course of business" (FRS 102 glossary).

Present value is calculated by reducing future cash flows by a factor corresponding to an interest rate.

If the interest rate is, say, 5%, the discounting factor is $100/105$ which is 0.9524. For the second year, the factor is 0.9524×0.9524 which is

The present value of £1,000 of income over four years can be determined thus:

Year	Discount factor	Amount
1	0.9524	952.38

2	0.9070	907.03
3	0.8638	863.84
4	0.8227	822.70
Total		3545.85

preservation of capital Form of financial management which seeks to protect a business's capital base, usually by arranging other sources of finance as required.

pre-shipment advice An abbreviated export declaration presented to HMRC at the time of export. It must be received electronically.

pre-shipment declaration (entry) Full statistical export declaration lodged with HMRC together with the goods before the time of shipment. A full declaration may be made either electronically using the New Export System (NES), or as a manual declaration. At a designated Export Place (DEP) a CHIEF declaration must be submitted electronically.

President of the Tax Tribunals Person appointed to oversee tax tribunals in Scotland (Revenue Scotland and Tax Powers Act 2014 s22).

pre-sorted mail Service provided by Royal Mail where items are delivered having been sorted for different departments, such as sales and accounts.

prest Archaic term meaning to lend or pay.

Prestel Trade name for a subscription-based data service provided by BT down telephone lines to computers. It operated from 1979 to 1994.

presumption of continuity In tax investigations, a presumption that factors present in one tax year are likely to apply to other tax years, unless contrary evidence is shown.

The leading case is *Jonas v Bamford 51TC1*.

presumption of death A court may issue an order that presumes someone to be dead if they have been missing for seven years and there is no evidence to suggest the person may be alive.

The law in this area grew piecemeal over the

centuries with different provisions for different purposes. From 1 October 2014, they are consolidated into a single procedure for all purposes under Presumption of Death Act 2013.

An application is made by a spouse, parent, child or sibling of the deceased. Other people may make an application if they can persuade the court that they have sufficient interest. If no-one makes an application, the person is assumed to be alive.

A register is kept of presumed deaths. It is expected that only about 30 names will be added each year. There is a procedure for the court to issue a variation order if the person is subsequently found alive, though no such orders are expected.

A presumption of death is effective for all purposes, including distribution of estate. Someone acquires good title to distributions from the estate even if the person is found to be alive. Where trust assets could be adversely affected by a variation order, the trust should take out insurance.

presumption of legitimacy	In law, the presumption that the mother's husband is the father of her child. This presumption may be rebutted by contrary evidence.
pre-trading expenditure	Expenditure incurred on a trade before it starts. Income tax relief for such expenditure incurred in the seven years before commencement may be claimed under Income Tax (Trading And Other Income) Act 2005s57 and Corporation Tax Act 2009 s61.
pre-trial review	Private hearing with the judge before a court case.
press release	Statement issued by an organisation to the press.
pressure to discriminate	An attempt "to induce, or attempt to induce, a person to do any act" contrary to the Act. It is an offence under Sex Discrimination Act 1975 s40.
presumption	In law, that which comes near to proving a fact.
presumption of continuity	In tax investigation, the rebuttable presumption that a business is run in other years on the same basis as for a

year in question.

presumption of death

Court order which declares that someone is presumed dead.

Civil Partnership Act 2004 s55. Absence of 7 years and no reason to assume still alive.

presumption of order of death

For estate duty, assumed to be same time under Finance Act 1958 s29 (repealed by Finance Act 1975).

presumption of validity

For the purposes of mutual assistance in recovering tax between member states, the presumption that a request from a state has been "duly made in accordance with MARD unless the contrary is proved" (Finance Act 2011 Sch 25 para 14).

presumptive

Person who is presumed to be due to inherit under a will. This presumption may be negated by the testator, or may fail because someone with a better claim is found.

presumptive charge

Beer duty calculated on the presumed amount of beer produced from the ingredients. A brewer is deemed to produce 1 hectolitre of beer at 1055 gravity for every 24 kilograms of malt and 16 kilograms of sugar. An abatement of 6% is allowed for spillage, evaporation etc.

pre-tax

Description of an amount before any tax has been deducted.

pre-tax net income

American term for a corporation's annual net income before it has paid taxes.

pre-tax profit margin

Pre-tax margin as a percentage of turnover as shown in the profit and loss account.

pre-tax profit

Net profit of a business before income tax or corporation tax has been deducted.

pre-trading expenditure

Expenditure incurred in relation to a trade before it commences.

For income tax and corporation tax, such expenditure is tax deductible if (from 1 April 1993) incurred in the previous seven years. Previous limits were

five years from 1 April 1989; three years from 1 April 1980, before which pre-trading expenditure was not allowable.

The implications for **loan relationship** are given in Corporation Tax Act 2009 s330.

For VAT, input tax may be claimed for goods purchased in the previous three years and still held at registration, and for services acquired in the six months before registration.

pre-trading exploration expenditure

For capital allowances in mineral extraction, this term is used in Capital Allowances Act 2001 s401(2).

pre-transfer total of unactivated allowance

In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 s356HA(2).

pretty penny

Colloquialism for a large amount.

prevailing market rate

In accounting, "the rate of interest that would apply to the entity in an open market for a similar financial instrument" (FRS 102 glossary).

previous

In criminal proceedings, a colloquialism for details of previous convictions.

Generally these may not be disclosed in open court unless the accused impugns the character of a witness giving evidence against him or her.

previous 3 months

In relation to eligibility for the **personal independence payment**, this term has a specific meaning in Welfare Reform Act 2012 s81(3)(b).

previous PAYE test

One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of **IR35**.

previous period

Description of an accounting period immediately before the one under consideration.

previous total tax

In relation to direct collection or special arrangements for collecting tax on employment earnings outside PAYE, this term is defined in PAYE regulations SI 2003 No 2682 reg

	144(1).
previous total tax to date	<p>Under PAYE, the amount of cumulative tax an employee has had deducted before the current pay period.</p> <p>The term is defined in PAYE Regulations SI 2003 No 2682 reg 23(8) and 23(9).</p>
previous year basis (PYB)	<p>Method of determining the basis period for calculating income tax for trades before 1994.</p> <p>Broadly, PYB taxed profits in the year to the accounting date in the <i>previous</i> tax year. Since 1994, taxation applies to profits in the year to the accounting date in the <i>current</i> tax year, which is one year later. There were transitional provisions when the change of basis period was made. There were special provisions for the first two years and last two years of the business.</p>
previous year income	<p>Figure that may be used in the income test in determining entitlement to a tax credit (Tax Credits Act 2002 s7(5)).</p>
Price	<p>Price's Reports, Exchequer law reports from 1814 to 1824.</p>
price	<p>Amount charged for goods or services.</p> <p>Money consideration for goods (Sale of Goods Act 1979 s2(1)), or similar money consideration for services.</p>
price actually received for it	<p>Term used in Income and Corporation Taxes Act 1988 s100(1A) in connection with determining the taxable value of stock of a discontinued trade.</p>
price ceiling	<p>Highest price which goods or services can reach.</p>
price change	<p>When a price is revised up or down.</p>
price control	<p>Any legal provision which attempts to restrict the freedom of sellers to charge what price they like.</p>
price control decision	<p>Order that may be made by OFCOM in relation to charges for postal services (Postal Services Act 2011 s59(13)).</p>
price differences under repos	<p>Income tax provisions are set out in Income Tax Act 2007</p>

from s607.

price differential

Difference between two prices, particularly when expressed as a ratio rather than as an amount.

price disruptor

Business that aims to take a large market share by undercutting all existing suppliers.

price elasticity of demand Measure of the responsiveness of demand to a change in price.

If demand changes by more than the price has changed, we describe the good as price-elastic. If the demand changes by less than the price has changed we describe it as price-inelastic. The formula for calculating the exact figure is: $\text{Price elasticity of demand} = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$

price ending

Practice of selling goods for a price ending in 99p or similar rather than **rounding** it to a convenient figure. An explanation of this practice is given under **odd pricing**.

price fixing

Agreement between suppliers to control the prices at which they offer their goods or services. This is generally an offence under competition law.

The case *Guest Keen & Nettlefolds Ltd v Fowler [1910] 5 TC 511* established that expenditure incurred on price-fixing is tax-deductible.

price insensitive

Description of goods or services where sales are largely unaffected by the price. This often happens because the price is insignificant to the buyers, the buyers tend not to notice the price, or because the item is so essential that it will be bought whatever the price.

price label

Label attached to goods indicating the price at which they may be bought.

price list

List of goods or services which a business offers to provide with an indication of the price that will be charged.

A price list itself does not constitute an **offer** whose acceptance creates a legal contract. A price list is usually

an invitation to treat.

price look up code (PLU code) Term used by retailers for items where a barcode cannot be entered for an item, such as **sold loose** fruit and vegetables. The PLU code must be entered by the check-out operator.

price of money Rate of discount when borrowing or lending money.

price tag Another name for a **price ticket**.

price ticket Indicator attached to goods indicating the price at which they may be bought.

For retail sales, the ticket must include any VAT, except that there is a transitional period when the rate changes when it is sufficient to put up a notice stating how prices may be recalculated.

price war When two or more businesses compete for business by each trying to reduce their prices below those charged by other businesses.

price—earnings ratio Market price of a share divided by earnings per share.

price-sensitive information Information which, if known to the market, would affect the price of a share.

PriceWaterhouse Coopers One of the world's largest accountancy and professional services firms.

It was formed in 1998 by the merger of accounting firm Price Waterhouse with Coopers & Lybrand.

Price Waterhouse was started by Samuel Price in London in 1849. He went into partnership with Edwin Waterhouse in 1865, becoming Price Waterhouse & Co in 1874.

Coopers & Lybrand was started in 1854 by William Cooper. This became Cooper Brothers in 1861 when his three brothers joined. In 1957, the firm merged with Lybrand, Ross Brothers and Montgomery, an American firm formed in 1898 by William Lybrand.

pricing Policies and practices of determining prices for goods and services offered.

pricing model	System for calculating pricing according to a predetermined policy.
pricing policy	Policy for determining the prices at which a business's goods or services will be sold.
pricing science	Use of various mathematical models in setting prices. Pricing science was pioneered with the airline industry in the 1980s.
pride of possession	Enjoyment from possessing something, particularly an antique or work of art. The existence of pride of possession indicates that the third badge of trade may not be present, with the result that any profit or loss is not of a trade.
Pridetines vertes mokestis (PVM)	Lithuanian: value added tax.
prima facie	Latin: at first sight.
primary adviser	In relation to tax planning, means the professional person who provides tax advice directly to the client, as against a person who devises schemes to be offered, or who gives an opinion on such a scheme.
primary authority advice and guidance	Term used in Regulatory Enforcement and Sanctions Act 2008 as inserted by Enterprise Act 2016 s20.
Primary Care Trust (PCT)	Organisation which oversees health care provision for an area. From 1 October 2006 there are 152 PCTs in England, reduced from 303. The PCT oversees hospitals, doctors and dentists in a defined area. They are one of several forms of NHS trust . The PCT commissions services from hospitals, doctors and other sources. These trusts were established under National Health Services Act 2006 s18 and are abolished by Care and Social Health Act 2012 s34.
primary commodity	Farm produce which is traded in large quantities, such as cotton and grain.

primary data	The process of organising and collecting data for an organisation.
primary education	Education for children who are at least 2 years old but under compulsory school age (Education Act 1996 s2(1), as amended).
primary financial statements	The balance sheet, profit and loss account, statement of total recognised gains and losses and cash flow statement.
primary industry	Industry which deals with a basic raw material, such as coal, iron or grain.
primary lease period	<p>First period of a lease in which the payments are related to the value of goods being leased.</p> <p>The payment is usually calculated as the cost of the goods plus interest. This period is usually followed by a secondary lease period where the lease continues at a nominal charge.</p>
primary market	Main market for selling shares and securities, as against private transactions in a secondary market .
primary poverty	Poverty where a person earns insufficient to provide the basics of life. It has a similar meaning to absolute poverty , but makes a distinction between secondary poverty . The term was coined by Joseph Rowntree.
primary protection	<p>Term used in the taxation of pension contributions.</p> <p>From 6 April 2006, there is a lifetime allowance for tax-free pension contributions. If an individual has pension contributions above this allowance, those additional contributions do not generally qualify for tax relief. This is one of the two exceptions to that rule. (The other is enhanced protection.)</p> <p>If an individual already had pension contributions above the lifetime limit of £1.5 million on 6 April 2006, those additional contributions continue to be protected for that individual. So if the individual had cumulative pension contributions of, say, £1.8 million on 6 April 2006, the individual has protection for the lifetime allowance plus £300,000 in future years.</p> <p>Primary protection had to be claimed from HMRC</p>

by 5 April 2009.

primary purpose	For VAT on professional subscriptions, a sole, main or principal purpose (VAT leaflet 701/5).
primary record	In accounting, document or similar evidence that first records the financial transaction or adjustment. Examples include invoices, expense claims and timesheets.
primary threshold	Figure at which an employee becomes liable to pay class 1 national insurance. For the years 2001/02 to 2010/11, the thresholds were known as the earnings threshold as the figure was the same for employers.
prime bill	Bill of exchange where there is no risk of non-payment.
prime book of account	Basic books in which financial records are kept.
prime cost	Cost of producing a product, including a share of overheads.
prime cost of production	In management accounting, the total cost of making a product. It includes material, labour and overheads.
prime lending rate	Old term for the lowest rate of interest charged by a bank for lending to its most creditworthy customers.
prime minister (PM)	Political leader of the country. The person also connotes First Lord of the Treasury .
prime number	Integer that cannot be divided by any other integer except 1. The first prime numbers are 2, 3, 5, 7, 11, 13, 17, 19, 23, 29 etc.
prime rate	American term for the best rate at which a bank will lend to a customer.
prime site	Valuable commercial site for development.
prime time	In marketing, the time when most people watch television and where the advertising rates are therefore the highest.

priming	<p>Finance</p> <p>In finance, this usually means pump-priming. This is providing an initial amount of capital to help get a venture going.</p> <p>Beer duty</p> <p>For beer duty, “adding sugar solution to beer to encourage secondary fermentation and increase its alcoholic content” (Customs notice 226). Priming requires Customs approval.</p>
primitae	First-fruits; the first year's revenue of a benefice.
primogeniture	State of being the first-born child, particularly to situations where a title or estate so devolves.
primo loco	Latin: in the first place.
primrose path	Life of self-indulgence which leads to ruin. The expression is used by Shakespeare in <i>Hamlet</i> and <i>Macbeth</i> .
PRIN	Part of the FCA handbook that deals with principles for businesses.
prince	Male member of a royal family.
princess	Female member of a royal family.
Prince's Trust	<p>Charity established by the Prince of Wales in 1976 to assist people aged between 16 and 30 who are not in work. It is funded by donations, largely from the public sector and from other sources, such as by sponsored rock concerts.</p> <p>The charity operates six activities:</p> <ul style="list-style-type: none">• a business programme to help young people start a business;• a team programme offering a 12-week personal development course;• Get Intos, short courses offering training and experience in a specific sector;• development awards in the form of small grants to provide access to education, training and work;• community cash awards to help young people set up community projects;

- xl clubs which are held in schools.

Prince v Mapp

Leading case on the general tax disallowance of surgery. The full citation is *Prince v Mapp* [1969] 46TC169. It relates to a guitarist's injured finger and is discussed in the Inspectors' Manual at BIM37945.

Princess Royal

Honorary title that a monarch may bestow on his or her eldest daughter. It has been conferred seven times, starting with Princess Mary, daughter of Charles I, c1642. The title was conferred on Princess Anne in 1987.

principal

Money

A sum of money (sometimes referred to as capital) which attracts periodic payments or interest. In a loan, the principal is the sum lent. In an investment, the principal is the sum invested.

Agency law

A person for whom an **agent** acts.

"An entity is acting as principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that an entity is acting as a principal include:

(a) the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;

(b) the entity has inventory risk before or after the customer order, during shipping or on return;

(c) the entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and

(d) the entity bears the customer's credit risk for the amount receivable from the customer" (FRS 102 glossary).

Sole trader

The term is sometimes used to mean a person who trades as a sole trader. An example is PAYE regulations SI 2003 No 2682 reg 101(3).

principal charge	Another name for the ten-yearly charge to inheritance tax, payable by discretionary trusts and other relevant property trusts .
principal clause	Clause which can function as an independent sentence.
principal company	For capital gains tax, a term sometimes used for a company in relation to its 75% subsidiaries. For allowance buying, the term is defined in Capital Allowances Act 2001 s212E.
principal fund	Fund from which a portion is treated as a sub-fund settlement for capital gains tax purposes (Taxation of Capital Gains Act 1992 Sch 4ZA para 1).
principal local office	In relation to the expenses of a member of Parliament or an Assembly, "means the local office most frequently occupied by the member for the purposes of performing duties as a member" (Finance Act 2013 s10(6)).
principal place of business (PPOB)	Place where orders are received and dealt with and the business is carried on and managed.
principal private residence relief	For capital gains tax, another name for private residence relief .
principal regulator	Term used in Charities Act 2011 s25. It may be a government minister or a body. The function is to meet the compliance objective of the Charity Commission .
Principat d'Andorra	French: Principality of Andorra.
principle of factor sparsity	Another term for Pareto principle .
printing calculator	Calculator which has a facility to print out the data entered and its answers.
printing money	Colloquialism for quantitative easing . This is in allusion to a country printing more bank notes without a matching increase in national wealth.

print-out	Document produced by a computer, particularly one which gives a table of data.
prior charge percentage	Proportion of a company's profits which is paid to preference shareholders and holders of similar security before it is possible to make a distribution to ordinary shareholders. It is also known as the priority percentage .
prior importation	Rule that Customs must allow for replacement products to be imported before temporary exports are exported.
prior informed consent (PIC)	Legal provisions that apply to certain chemicals. They cannot be imported through Customs without such consent.
priority	In law, any precedence or preference of one thing over another, such as in payment of debts from limited funds.
priority classes	Those people whom the government thought were the priority for evacuation from London in 1938.
priority debt	Debt whose non-payment has serious consequences for debtor. These are given priority in any debt management.
priority of debts	Order in which debts of an insolvent company are to be paid. Provisions are set out in Insolvency Act 1986 s59.
priority order	<p><i>Attachment of earnings</i></p> <p>Attachment of earnings order issued under Attachment of Earnings Act 1971 for unpaid fines and child maintenance.</p> <p>The employer must deduct a sum stated from each payslip and pay it to the court which issued the notice. A priority order must be deducted before a non-priority order, even if the latter has an earlier date.</p> <p><i>Seizure of funds</i></p> <p>(2) Order determined by a banker when HMRC has served a hold notice to seize funds held by the banker's customer (Finance (No 2) Act 2015 Sch 8 para 7(5)).</p>
priority percentage	Another term for prior charge percentage .

priority rules	<p>Rules for determining the order for applying different tax provisions.</p> <p>An examples are the rules on how to categorise income that otherwise falls within two categories of income (Income Tax (Trading And Other Income) Act 2005s2.</p> <p>Another example are the rules relating to loan relationship (Corporation Tax Act 2009 s464).</p>
priority share allocation	<p>Taxable benefit in kind that can arise when employees of a company are given priority in a flotation or privatisation. The tax provisions are set out in Income Tax (Earnings And Pensions) Act 2003 from s442.</p>
prior period adjustment	<p>Material adjustment to a prior accounting period because of a change in accounting standards or the correction of a fundamental error (FRS 3, now repealed).</p>
prior period errors	<p>“Omissions from, and misstatements in, an entity’s financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:</p> <ul style="list-style-type: none">(a) was available when financial statements for those periods were authorised for issue; and(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements” (FRS 102 section 10.19).
prior period of loss	<p>Period of up to five years for which special conditions apply for a loss from hobby farming or market gardening to be available for loss relief (Income Tax Act 2007 s68(5)).</p>
prior tax year	<p>For resident nil-rate band in inheritance tax, this term is defined in Inheritance Tax Act 1984 s8D(6) as inserted by Finance (No 2) Act 2015 s9.</p>
prior year adjustment (PYA)	<p>An adjustment made in the accounts of a <i>current</i> accounting period to reflect an amendment to accounts for a previous period.</p>
prisage	<p>Form of taxation in kind common around 13th century which comprised taking one cask of wine in ten, and one</p>

tenth or one-fifteenth of other goods.

- prisoner** In general, a prisoner is not entitled to a **personal independence payment** (Welfare Reform Act 2012 s87).
- privacy** Legal concept that individuals and businesses are entitled not to have certain information disclosed about themselves.
Privacy is a separate legal concept from **confidentiality** which arises from a quasi-contractual relationship, and from **secrecy** which is imposed by the state or other body.
Tax returns are confidential rather than private.
- private** In finance, the term usually describes something which relates to an individual rather than to a company, organisation or the state.
The term literally means apart from the state.
- private asset** Asset that is not used in a business.
The term is used in VAT notice 701/12 in relation to sale of assets from historic houses. Generally, the sale of a private asset is outside the scope of VAT.
- private bank** Bank which is owned by a single person or a small group of individuals.
- private banking** Service offered by a bank to an individual of high net worth. Typically the services include fund management, financial advice, portfolio management and tax planning.
- private benefits** Benefits that an individual or firm receive when they are carrying from consumption or production. In the case of consumption the benefits are likely to be mainly satisfaction from consumption. For a firm, the benefits will be the revenue received from the sale of the good or service.
- private betting** Betting which is either **domestic betting** or **workers' betting** (Gambling Act 2005 Sch 15 para 6).
- private company** Any **company** which is not a **public company** (Companies Act 2006 s4(1)).

Private Company Price Index (PCPI)

Index of capitalisation factors that can be used to value private companies. It is produced by the accounting firm Stoy Hayward. Its use was considered in the tax case *Foulser [2015] TC 4413*.

private costs

Costs that are incurred to an individual or firm when they are carrying out the activities of consumption or production. They are the costs that those individuals or firms have to pay themselves.

private currency

Currency issued by a person or private institution rather than a government. Vouchers and coupons can be seen as a form of private currency.

In the USA, private currencies were common in the **free banking era** between 1837 and 1866.

private customs

A unique instance of taxation being privatised.

Between 1570 and 1588 **customs duties** on French wine docked in London were privatised. Mr Customer Smythe bought the rights, employed better staff and prospered. The government sought to grab its share of this prosperity by steep rent increases.

private debt

Money owed by individuals, and not by companies, organisations, local authorities or the government.

private enterprise

Businesses which are owned by individuals and organisations and not by the state. The term also refers to the economic properties of a system where most supplies are thus provided.

private equity

Company which specialises in buying other companies with a view to turning them round for a quick profit. The companies are usually companies which are not performing well.

Typically, the private equity business buys a company using heavy borrowing (usually 70% to 90%) where the company itself pays the interest making the company highly **geared**. The private equity business often introduces a 100-day plan which often involves cutting staff, closing inefficient divisions and making other quick savings.

Profits are taxed as **capital gains** which attract

lower rates than income tax on equivalent investments.

privateer Private vessel commissioned to seize and plunder enemy ships. The term also refers to the commander of such a vessel.

Private Eye Satirical fortnightly magazine that routinely exposes double standards in private life.

private finance initiative (PFI) Method of funding public infrastructure projects from private finance.

Typically a private company funds the building of a road, school, hospital or other project in return for payments in subsequent years.

It was first used in the UK in 1992 and was subsequently widely used by governments of all parties.

private foundation In the USA, a foundation that receives most of its income from, and is subject to control of, an individual or other single or limited source. See Foundation. Also in the US, the technical IRS term for an organisation which is tax-exempt under Section 501(c)(3) and classified as a private foundation under the Internal Revenue Code. In the US, a private foundation is referred to as "having a 501(c)(3) status".

private fund consumption expenditure

In economics, the outlay of consumers and charities on durable and non-durable goods, less net sales of second-hand goods and sums received for scrappage and waste.

private gaming Gaming which happens in a private dwelling on a domestic occasion (Gambling Act 2005 Sch 15 para 2).

private hearing For tax tribunals, a hearing to which the public is not admitted. A private hearing may only be ordered for reasons set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 32(2).

The VAT tribunal ruled that "whenever possible, decisions of these tribunals should be given in public so that they could be published for general guidance". A hearing should only be in private "when a hearing in public would defeat the ends of justice, or would be likely to harm the appellant in the course of his business" (*Guy*

Butler (International) Ltd (No 1) [1974] VTD 106A.

private income

Income of a person other than their main means of support.

The term is often used to mean income of an employee from activities outside the work, or of a wife or dependant from outside the person who provides the main support (such as where the dependant receives income from an inherited investment).

private investor

Individual who makes investments.

private law

That part of the law that deals with the rights and duties of individuals towards each other.

private limited company

A company which has **limited liability** but is not permitted to offer its shares to the public. Such a company generally puts the letters "ltd" after its name.

privately financed road

Road whose construction has been funded by a private company. This cost is recouped by charging a toll, or by receipts from the government under the **private finance initiative (PFI)**.

From 6 April 1995, such a road is specifically included in the definition of **industrial building**.

private means

Income from investment and sources other than from work.

private medical attendant's report

In the USA, a report from an individual's own doctor ('Private Medical Attendant') which does not require a medical examination to be carried out. Used for underwriting purposes.

private medical insurance

Insurance that pays for private medical treatment if the policy-holder suffers from a condition covered by the policy.

private motor vehicle

When visiting the UK any road vehicle solely for private use; bringing a vehicle permanently into the EU, any road vehicle (and any trailer) which is neither built, nor being used to carry more than nine people, including the driver; carry goods and do any job apart from carrying people.

Further details are given in Customs notice 3.

private operating foundation	In the USA, a legal classification for an endowed organisation which uses its income to operate a charitable activity, such as a school or camp, rather than to make grants.
private ownership	Situation where goods or businesses are owned by individuals rather than the state.
private pension	Another term for a personal pension .
private placement	Act of placing a new issue of shares with selected institutions rather than offering them to the public or to institutions generally.
private pleasure-flying	For the purposes of using rebated kerosene, "has the same meaning as in Article 14(1)(b) of Council Directive 2003/96/EC (taxation of energy products etc).
private practice	Professional services, such as accountancy, offered to clients.
private property	Property which belongs to a person or organisation rather than to the public.
private rented housing	Tax provisions for Business Expansion Scheme are set out in Finance Act 1988 Sch 4.
private residence relief	Relief from capital gains tax on the gain from selling a person's main residence. The relief is given in Taxation of Capital Gains Act 1992 s222.
private sector	"The part of a nation's economy which is not owned by the government" (HM Treasury website).
private travel	"Means travel between — (a) the employee's home and a place that is not a workplace , or (b) two places neither of which is a workplace" (Income Tax (Earnings And Pensions) Act 2003 s338(5)). Such travel is not a deductible expense from taxable

earnings.

private treaty

Agreement between individual people.

private treaty sale

"This is a privately arranged sale to bodies, such as the UK National Museums and Galleries and the National Art Collections Fund. These bodies are allowed to buy objects by private treaty in accordance with the relevant legislative provisions" (VAT notice 701/12).

private trust

Trust benefiting one person or small group.

private use

In tax, description of expenditure that is for personal use and not for business use.

For VAT, the input tax cannot be reclaimed even though the trader is registered for VAT and has a VAT invoice. VAT Notice 700 says "private use includes:

- your own personal use of business assets, and
- use outside the business by anyone else, such

as an employee, a relative or a friend".

For income tax, such expenditure is not allowed as a tax deduction. It should be noted that it is not necessarily wrong for personal expenditure to be shown in a business's profit and loss account. But if it is, such expenditure must be added back in determining **adjusted profit**.

In the context of whether a car or van is so available by an employee for tax purposes, means "any use other than for the employee's business travel" (Income Tax (Earnings And Pensions) Act 2003 s118(2)).

For a heavy goods vehicle, the definition is "use other than for travel which the employee is necessarily obliged to do in the performance of the duties of the employment" (Income Tax (Earnings And Pensions) Act 2003 s238(4)).

If part of a trader's stock is taken for personal use, it must be added back at its *selling price* and not its purchase price. For example, if a grocer takes stock that he bought for £10 but sells for £16, he must add £16 to his taxable profits.

For Customs and other import purposes, there are restrictions on the amount of goods that may be brought in for private use. For vehicles, personal use is defined as "the use of a road vehicle, trailer or caravan (whether or

	not motorised) for other than business" (Customs notice 3).
private warehouse	A customs warehouse reserved for the warehousing of goods by the warehousekeeper, ie the warehousekeeper is also the depositor of the goods.
privately held company	American term for company owned by a few individuals. It is a similar concept to the UK close company .
privation	State of being deprived of something, particularly something used for the comforts of everyday life.
privatisation	"The process of transferring a government-owned asset such as a company or property to the private sector" (HM Treasury glossary).
privatorum conventio juri publico cedit	Latin: an agreement between private persons does not derogate from the public right.
privatum commodum publico cedit	Latin: private good yields to public good.
privatum incommodum public bono pensatur	Latin: private loss is compensated by public good.
privelege	Advantage, right or favour granted to someone and generally denied to others.
privileged communication	Communication between a lawyer and a client. HMRC and Revenue Scotland are generally prohibited from accessing such communication in an information notice . For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 23. For Revenue Scotland, the restriction is contained in Revenue Scotland and Tax Powers Act 2014 s138.
privileged data	Information contained in a privileged communication . The scope for tax advisers is set out in Professional Conduct in Relation to Taxation from para 6.31.
privileged trusts	Term used for trusts that are exempted from some tax provisions because of their nature. The term particularly

applies in respect of trusts that are not caught by the 2006 changes of applying **discretionary trust** rules to previously tax-advantaged trusts.

Privileged trusts now include:

- charitable trusts
- pre-2006 accumulation and maintenance trusts where the beneficiaries inherit absolutely at the age of 18

- age 18-25 trusts
- trusts for a bereaved minor
- employee trusts.

privileged will

Will made by a soldier on active service or by a sailor at sea.

It is valid even though any of the below apply, that otherwise invalidate a will:

- it is not in writing
- it does not have two witnesses
- the testator was under 18.

This provision dates back to the 6th century AD.

privilegium non valet contra rempublicam

Latin: a privilege avails not against the state.

privity of contract

The general legal rule that only the parties to a contract may sue on it. There are many exceptions to this rule, such as third parties to a contract in addition to some exceptions relating to land.

Privy Council

“means the Lords and others of Her Majesty’s Most Honourable Privy Council” (Interpretation Act 1978 Sch 1).

Privy Purse

Fund for official expenses of the Queen as head of state and for some personal expenditure. The principal source is from the Duchy of Lancaster.

prize

(1) Winning of ships and (from 1939) aircraft in war
(2) Something won or gained, such as an award or a prize from a competition or wager.

A prize may be relieved from customs and excise duties (Customs and Excise Duties (General Reliefs) Act 1979 s9).

For VAT on gaming machines, the chance to play a

game again without further fee is not a prize (Value Added Tax Act 1994 s23(6)(h)).

prize bingo

Bingo where the prizes are other than cash.

prize competition

Competition for which a prize is awarded and which is not gaming, betting or a lottery (Gambling Act 2005 s339). This is not regarded as gambling.

In gambling, something which requires a guess, such as the outcome of a race, regardless of whether any money is staked (Gambling Act 2005 s11).

prize court

Court established to determine whether a captured ship or aircraft may be regarded as **prize**.

prize gaming

Gaming where neither the nature nor size of the prize played for is determined by the number of persons playing or the amount paid to participate (Gaming Act 2005 s288).

prize money

Net proceeds from the sale of captured enemy vessels.

prize salvage

Payment for services in retaking a ship, aircraft or goods from the enemy. From 21 January 1944, such a claim needs the consent of the Admiralty or Secretary of State (Prize Salvage Act 1944).

prize total

In relation to children's television, means the amount of any money prize plus the cost of providing any non-money prize (Corporation Tax Act 2009 s1216ASA(3) as inserted by Finance Act 2015 s30).

From 1 April 2015, there is a special tax relief for making children's programmes other than quiz shows and game shows where the prize total exceeds £1,000.

PRO

Personal Reliefs Order, the Excise Duties (Personal Reliefs) Order 1992.

pro

(1) Latin: for. The term can be used to describe those in favour of something. Those against are anti.

(2) Abbreviation: professional, in its loosest meaning.

pro aris et focis	Latin: for altars and firesides, in other words for both faith and home.
probability	<p><i>Statistics</i></p> <p>The mathematical likelihood of an eventuality, expressed as a number between 1 (certainty) and 0 (impossibility).</p> <p><i>Accounting</i></p> <p>One of the two recognition criteria for recognising an item in the accounts. The other criterion is reliability of measurement.</p> <p>“The concept of probability is used in the first recognition criterion to refer to the degree of uncertainty that the future economic benefits associated with the item will flow to or from the entity” (FRS 102 section 2.29).</p>
probable	In accounting, “more likely than not” (FRS 102 glossary).
probate	<p>Legal recognition of a will. The process by which the Will of someone who dies while living in England or Wales is validated.</p> <p>A local Probate Office will issue a Grant of Probate to validate a will and authorising the executors to administer the estate. This Grant has the status of a decree of the High Court. Hence anyone dealing in good faith with the executors named in the Grant has legal protection against any other party claiming to represent the deceased.</p> <p>If the executors cannot pay tax that becomes due before probate is granted, extra-statutory concession A17 may allow the due date to be regarded as 30 days after probate or letters of administration.</p>
Probate Court	Court formed in 1858 to deal with probate matters.
probate duty	A stamp duty imposed on the grant of probate under Customs and Inland Revenue Act 1881. It is now abolished.
probationer	Person on probation, such as a new employee who is being tested for suitability for a trial period.

probation purposes	Guidance on matters relating to probation and supervision of offenders (Offender Management Act 2007 s1).
probationary period	Period at the start of an employment to see if the employee is capable of doing the job. If the employee fails, he is usually fairly dismissed. If the employee completes the probationary period, it ends and he becomes a permanent employee. In marginal cases, the period is extended. The period is typically six months.
probatum est	Latin: it is proved.
probity	Moral integrity, honesty, uprightness. The term is often used in relation to the integrity of an administrative function.
problem child	Term sometimes used for a business or part of a business operating in a growth market, and where its outcome is highly unpredictable and therefore very difficult to value. It is also known as a question mark .
pro bono	Abbreviation of pro bono publico , particularly in relation to a barrister who takes a case without payment.
pro bono publico	Latin: for the public good.
procedural allegation	Allegation made to a person or organisation that they have not followed the proper procedure.
procedural fairness	Principles of natural justice that relate to the proper conduct of a criminal investigation or equivalent. This includes matters such as providing adequate notice to the affected party, allowing the party to make amends (where appropriate) or take other effective action (such as resigning), providing details of the charge, and being given the right to be heard . Judicial guidance has been provided on fairness .
procedure	Method of doing something. In general, determining a procedure and following it is a defence to misconduct.
proceedings against the Crown	Any action against the state as personified by the Queen

and permitted under Crown Proceedings Act 1947.

S 38(2) states that this expression “includes a claim by way of set-off or counterclaim raised in proceedings by the Crown”.

proceeds	Amount received from a sale or disposal.
proceeds of realisation	For corporation tax “means the amount recognised for accounting purposes as the proceeds of realisation less the amount so recognised as incidental costs of realisation” (Corporation Tax Act 2009 s739(1)).
process	For spirits duty, “an operation carried out in order to manufacture spirits, including operations on spirits after their manufacture” (Customs notice 39).
process costing	Costing something by adding up the costs of each process which makes up the whole.
processed date	In the USA, the date that a charitable contribution was credited to the account by the Charitable Gift Fund .
processed product	Term used for customs duties. If product A is processed under Customs control and becomes product B, the duty is paid at the rate for product B. This is called a processed product.
processed under Customs control	For customs duties, when a product is imported and changed into another product in accordance with advance authorisation by HMRC. The duty is charged according to the product it has become.
processing equipment	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
process now, check later	Principle now adopted in relation to most forms of tax return . HMRC accepts returns from taxpayers at face value, processes them and runs any checks later. If HMRC later discovers an error, it may make a repair . A taxpayer may make a return adjustment . It is

known that most returns are unchecked, and many errors go uncorrected.

- processor** In computing, the main part of the machine which does the data processing and computing.
- procès-verbal** French term meaning a detailed and official statement, especially an authenticated document setting out the events of a criminal act.
- proclamation of emergency** Order made by the King or Queen in Council to Parliament which invokes proceedings under Emergency Powers Act 1920.
- pro confesso** Latin: as if conceded.
- procuration fee** Fee charged by a lender to secure a loan. It is also known as a commitment fee.
Under normal allowability rules, such a fee is not allowable if it is incurred as part of the cost of obtaining capital, but is allowable if the borrowings are temporary.
A leading case on this is *Ascot Gas Water Heaters Ltd v Duff* 24 TC 171.
The matter is discussed in the Inspector's Manual at BIM 45825.
- procurement** Policy and procedure relating to the acquisition of goods and services.
For organ transplants, the term "means a process by which **tissues** or **cells** are made available" (Directive 2003/23/EC article 3).
- prodigal** Wasteful.
- produce** (1) Yield of goods for sale, particularly of crops (noun).
(2) In relation to HMRC powers, "in relation to a document, includes furnish, deliver and any other equivalent expression" (Finance Act 2008 s114(9)) (verb)
- produce a broadly compensatory amount** Term used in Income Tax Act 2007 s384A in relation to the disallowance of certain loan arrangements against income tax.

produce a post-tax advantage	Term used in Income Tax Act 2007 s384A in relation to the disallowance of certain loan arrangements against income tax.
produced under licence	Term used for beer duty when a small brewer produces beer for a large brewer. Such beer does not attract the lower rate of beer duty for small brewery beer (Customs notice 226).
producer	For consumer contracts, the term includes a manufacturer, importer or person who purports to provide digital content (Consumer Rights Act 2015 s59(1)).
producer control	Term in economics for an organisation run for the convenience of itself, as against consumer control which is run for the convenience of its users. HMRC and the National Health Service are commonly cited examples of producer control.
producer gas	Generic term for any kind of gas used for heating or power and which is obtained by a process rather than occurring naturally. The main producer gases are wood gas, town gas and syngas .
producer's goods	In economics, goods such as tools, vehicles, storage and raw materials which are used to make other goods.
producers' price index	In the USA, a measure of the annual increase in the price of goods sold by producers.
product cost	In management accounting, cost associated with specific goods or services that are acquired or made for sale to customers.
product differentiation	In management accounting, the ability of a business to charge a higher price for its products or services because of the quality of the product or service, or because of the reputation of the business.
production animal	Animal kept for a trade purchase. A capital allowance may not be claimed (Capital Allowances Act 2001 s38).

production cost	Cost of producing goods for sale.
production cost centre	In management accounting, the cost centre that relates to production .
production department	Part of a business which is responsible for producing goods for sale.
production herd	For herd basis , "means, in relation to a farmer, a herd of animals or the same species (irrespective of breed) kept by the farmer wholly or mainly for the products obtainable from the living animal which the animals produce for the farmer to sell" (Corporation Tax Act 2009 s110(1)(c) and Income Tax (Trading and Other Income) Act 2005 s112(1)(c)).
production order	Order which a sheriff may make under Proceeds of Crime Act 2002 s380. The order is made on a person who has possession or control of property belonging to a person subject to the Act. The subject of the order must then deliver that property.
production order	Order which may be made under Proceeds of Crime Act 2002 s345.
production overhead	Another term for production overhead costs .
production overhead costs	Costs of production that are spread across all output, rather than being identified with specific goods or services.
production plan	In management accounting, statement that sets out quantities of resources needed for the operational budget .
production target	Quantity of goods which a business, department or section is expected to produce.
production unit	Team of workers who have a collective responsibility for an area of production.
productive capital	Capital which is used to generate an income, either in a business or as an investment.

productive	Capable of producing.
productivity	<p>Output. In accounting, this is usually as a measure per machine or per employee.</p> <p>In economics, this may refer to the wealth which is generated by producing goods and services.</p>
productivity agreement	Agreement between an employer and employees to make an additional payment according to output.
productivity bonus	Additional payment made to workers in respect of their productivity.
productivity drive	Effort made to increase productivity.
product life cycle	The life stage of a product. It includes, introduction, growth, maturity and decline.
products available from the living animal	<p>In relation to the herd basis, “means —</p> <ul style="list-style-type: none">(a) the young of the animal, or(b) any other product obtainable from the animal without slaughtering it” (Corporation Tax Act 2009 s110(2) and Income Tax (Trading and Other Income) Act 2005 s112(2)).
product-sustaining activities	In management accounting, activities undertaken to enable output of products but which are not closely dependent on how many units of product are produced.
PROF	Professional Firms sourcebook, published by the Financial Services Authority.
profession	<p>Occupation involving skill, either intellectual or controlled manual skill. Such activities are taxed as trading income, or Schedule D Case II before 6 April 2005. For the purposes of income tax and corporation tax, the main differences between a trade and a profession are:</p> <ul style="list-style-type: none">• some capital allowances are only available to a trade;• the <i>Sharkey v Wernher</i> rule on goods taken for personal use only applies to a trade. <p>For tax purposes, “profession” is now taken to mean a discipline that “normally involves some</p>

substantial exercise of intellectual skill" (Inspectors' Manual BIM14090).

For VAT, guidance is given in VAT leaflet 701/5.

professional behaviour

In relation to tax professionals, this is a fundamental principle set out in Professional Conduct in Relation to Taxation paras 2.19 to 2.25.

professional board

Type of board of directors which shows concern for both the company's tasks and interpersonal relations between the directors.

professional body

Organisation which oversees and represents the interests of a particular profession.

professional clearance

Another term for **professional enquiry**.

professional competence and due care

In relation to tax professionals, this is a fundamental principle set out in Professional Conduct in Relation to Taxation paras 2.7 to 2.13.

professional conduct in relation to taxation (PCRT)

Guidance for **tax agents** agreed by the main accounting and tax bodies, namely AAT, ACCA, ATT, CIOT, ICAEW, ICAS and STEP.

The latest guidance was issued on 1 May 2015, replacing that of 24 February 2014, which replaced the first guidance of 4 January 2011.

Professional Contractors Group

Body formed to campaign and litigate against the IR35 tax rules for personal service companies. They were not successful.

professional enquiry

Enquiry from a tax adviser, or prospective adviser, from a former tax adviser.

The former tax adviser should seek permission from the client before disclosing any information. If permission is refused, the new adviser should be informed of that fact and left to make his or her own decision on whether to act for the client. If permission is granted, the former adviser should disclose "all the information needed and reasonably requested by the prospective adviser to

enable him to decide whether to accept the work”
(Professional Conduct in Relation to Taxation paras 5.37 to 5.39).

professional expertise In relation to VAT and professional subscriptions, means “expertise connected with what is generally understood to be a profession” (VAT leaflet 701/5).

professional fee Fee paid to belong to a professional body.
A list of tax-deductible fees is given in Income Tax (Earnings And Pensions) Act 2003 s343(2).

professional fees Amounts paid to a professional person.

Professional Group (PG) Body which represents taxpayers on a **Working Together Steering Group**.

professional indemnity insurance (PII)
Insurance that protects professionals against liability claims resulting from negligent work.
Premiums on such policies are allowable as a business expense. Damages paid for professional negligence are disallowed to the extent that they are covered by insurance.
The matter is discussed in the Inspector's Manual at BIM45515.

professional membership Fees for such membership are generally tax-deductible (Income Tax (Earnings And Pensions) Act 2003 s343).

Professional Oversight Board (POB)
Part of the **Financial Reporting Council**.

profit Wealth generated by the activities of a commercial entity.
In terms of accounting, the plural **profits** is generally used.
Profit is usually distinguished between **gross profit** and **net profit** where:
turnover – cost = gross profit
gross profit – overheads = net profit.

profitability Ability of an activity to make a profit.

profitability index	In management accounting, the present value of cash flows (using the cost of capital as the discount factor) divided by the present value of the resources needed to generate those cash flows.
profit after tax	Net profit after deducting a sum for income tax or corporation tax.
profit and loss	<p>Financial statement indicating how much profit or loss has been made by a commercial entity over a period. The term is a misnomer as a company makes either a profit <i>or</i> a loss. Companies have been obliged to publish a profit and loss account since the passing of Companies Act 1929.</p> <p>The four statutory formats for profit and loss accounts are given in SI 2008 No 410.</p> <p>International standards sometimes refer to this account as the income statement.</p>
profit and loss allocation scheme	Tax avoidance scheme used in partnerships (including LLPs) whereby profits of a tax-paying partner are allocated to a non-tax-paying partner.
profit before interest and tax	Net profit before interest payable and either income tax or corporation tax has been deducted.
profit before tax	Another term for pre-tax profit .
profit centre	Part of an organisation which may be considered separately in terms of determining where profits are being earned.
profit distribution	Allocation of profits to different recipients, such as to the government (as tax), to shareholders (as dividends) and to the company itself (as retained profits).
profiteer	Person who maximises profit at the expense of quality or integrity.
profiteering	Practice of making excessive profits, usually by cutting the quality of goods or by engaging in improper practices.

profit extraction	<p>Means by which a person extracts finance from a company.</p> <p>The two main choices are dividends or salary. The former avoids class 1 national insurance; the latter is deductible from profits subject to corporation tax. There are other factors to consider.</p>
profit from ordinary activities	<p>Profit earned in the course of normal trading activities rather than from unusual items.</p>
profit making	<p>Description of an activity which is either intended to make a profit or does so.</p>
profit margin	<p>Profit divided by turnover (sales) multiplied by 100 to give a percentage. Profit is usually net profit before tax.</p>
profit margin on a supply	<p>Term used in Value Added Tax Act 1994 s50A(4) in relation to VAT on margin schemes.</p>
profit on ordinary activities before tax	<p>Net profit from ordinary trading activities before income tax or corporation tax has been deducted. This figure excludes profit from such activities as investments, rent of excess capacity or profit on disposal of assets.</p>
profit or loss	<p>“The total of income less expenses, excluding the components of other comprehensive income” (FRS 102 glossary).</p>
profit per accounts	<p>First entry in a tax computation for business profits.</p> <p>The figure is the net profit before tax.</p> <p>A series of adjustments is then made to determine the adjusted profit that is subject to tax.</p> <p>The steps in the series are broadly:</p> <ul style="list-style-type: none">• to add to the profit items disallowed for tax purposes (such as depreciation, fines, personal expenditure and certain types of entertainment)• to adjust the figures for other items to bring them into line with tax law (such as leasing charges, goods taken from stock for personal use)• to deduct capital allowances• to claim various tax reliefs• to make any other adjustment required by tax

law.

profit related	Description of anything which is related to the amount of profit earned by an organisation. An example is profit-related pay.
profit related bonus	Bonus paid to a worker according to how much profit has been earned.
profit related pay (PRP)	<p>Amount of pay which is related to how much profit was earned.</p> <p>Between 23 July 1987 and 31 December 1999, PRP attracted tax relief up to certain limits. Only half of PRP was tax-free before 1 April 1991.</p> <p>The tax-free or tax-reduced limit was the lower of:</p> <ul style="list-style-type: none">• 20% of earnings (before PRP)• £4,000 a year (£3,000 before 1 April 1989). <p>The scheme was phased out over two years, so the maximum was £2,000 for 1998 and £1,000 for 1999.</p>
profit retained for the year	Amount of profit which a business does not pay to its members but keeps for its own use.
profits à prendre	In law, right exercised by one person in the soil of another, such as the rights of pasture or digging for sand.
profits chargeable to tax	<p>In relation to overseas leasing, the term</p> <p>“(a) includes profits chargeable under section 1313(2) of Corporation Tax Act 2009 (profits from exploration and exploitation of the seabed etc), but</p> <p>(b) excludes profits arising to a person who, under double taxation arrangements, is afforded or is entitled to claim any relief from the tax chargeable on those profits”</p> <p>(Capital Allowances Act 2001 s105(3)).</p>
profit-seeking motive	Desire for an organisation to make a profit for its owners or operators. The presence of such a motive will usually make any profit or surplus taxable. The absence of such a motive does not necessarily mean that any surplus avoids tax. The matter is discussed in the Inspectors' Manual at BIM24345 and elsewhere.

- profit share agency** A form of **alternative finance** arrangement.
Its income tax provisions are set out in Income Tax Act 2007 s564F.
- profit shifting** Means by which an international company can move profit to a lower-taxed country. It includes such matters as fees, royalties, transfer pricing, thin capitalisation and similar.
The term was used by OECD in an Action Plan announced in July 2013.
- profits of a trade** Amount on which a trade is subject to income tax under Income Tax (Trading And Other Income) Act 2005s25 or to corporation tax under Corporation Tax Act 2009 s46.
- profits or losses of a capital nature**
In relation to **investment trusts**, “means profits or losses which —
(a) are accounted for through the capital column of the income statement in accordance with the Statement of Recommended Practice, or
(b) would have been so accounted for if that Statement had been applied correctly” (Corporation Tax Act 2009 s627(2)).
The Statement of Recommended Practice is that produced in 2003 by the Association of Investment Trust Companies.
There are similar provisions for **venture capital trusts** in Corporation Tax Act 2009 s638.
- profit squeeze** Any circumstance where profits are difficult to maintain. This may result from government controls, increased competition or changes within a business.
- profit taking** Selling an investment which is doing well to realise the profit currently indicated in its value.
- profit-related expense** An expense of a business whose amount is related to the profits of the business.
For tax, the issue is whether the expense is in truth a **dividend** or share of the profit, in which case it is not tax-deductible. However, relation to profits is not fatal to tax-deductibility as was shown in the case *British Sugar Manufacturers Ltd v Harris* [1937] 21TC528. The matter is

discussed in the Inspectors' Manual at BIM37830.

profits tax

A tax on commercial profits levied from 6 April 1946 to 5 April 1965. It replaced **national defence contribution**, and was succeeded by **corporation tax**. During the second world war, there was an **excess profits tax**. The profits were calculated on the same basis as **Schedule D Case I** for income tax.

The tax was charged at a single rate which was 15% at the time of its abolition, but had been as high as 30%.

profits

Term used in Taxes Management Act 1970 to mean incomes or gains which are subject to income tax or capital gains tax or (depending on context) corporation tax.

A company may only pay dividends or other distributions from profits (Companies Act 2006 s830).

profits à prendre

Legal right to take the produce from the land of someone else.

profit share agency arrangements

One of the five forms of **alternative finance arrangement** (Taxation of Capital Gains Act 1992 s151M).

profit-sharing

Any scheme which allows another person to share in the profits of an enterprise. Most commonly this allows employees to share in the profits of the employer.

The term was used for a tax-advantaged scheme which operated between 6 April 1979 and 5 April 2002 which allowed employees to receive up to £8,000 worth of shares tax-free provided they were held in a trust for three years (longer periods before 25 July 1985). This scheme has now been abolished in preference to **all-employee share schemes**.

The legislation was Income and Corporation Taxes Act 1988 Sch 9.

profitto

Italian: profit.

profit-volume chart

In management accounting, a graph which plots sales on the x-axis and profit for each quantity of sales on the y-axis.

profligate	Extravagant, rashly wasteful.
pro forma	Latin: as a matter of form.
pro forma invoice	<p>A document issued before goods or services have been supplied to ask for prepayment.</p> <p>It is not regarded as an invoice for bookkeeping, VAT or any other tax purpose.</p>
prognosis	Proposed solution which follows a diagnosis .
program	A series of instructions for a computer, telling it what to do or how to behave. The terms "application" and "app" mean almost the same thing. "Program" is also the verb that means to create a program.
programmable	Description of a computer, calculator or other appliance which is capable of having instructions entered to perform a function.
programme	<p>For VAT, a programme supplied on its own is zero-rated as a brochure.</p> <p>Where it is supplied in connection with a fair, sporting event, concert or similar, it may be possible to apportion the consideration. An early case of apportionment was <i>M H Jarmain [1979] VTD 723</i> where 25% of the admission to a stamp fair was attributed to the programme.</p> <p>This was followed in the case <i>J C Thomas [1985] VTD 1862</i> when 15% of the charge for a greyhound race was attributed to the programme. However no apportionment was allowed for almost identical facts relating to a greyhound race in <i>Town & Country Factors Ltd (No 2) [2002] VTD 18569</i>.</p>
programme evaluation and review technique	Method of evaluating and controlling a large project particularly with regard to completing it on time.
progressive condition	Disability whereby a person's condition slowly deteriorates (Disability Discrimination Act 1995 Sch 1 para 8). Examples given in the Act include cancer, multiple sclerosis and muscular dystrophy. A person with a progressive condition is regarded as disabled as soon as

that condition is diagnosed even if the disability is not yet severe.

progressive duty

Old element of stamp duty where the rate increases according to the length of the document. It is abolished from 1 January 1871.

progressive tax

Tax that takes an increasing proportion of income as income rises. Income tax is an example.

pro hac vice

Latin: for this occasion.

The term is commonly used when a person is appointed for a single occasion, such as to judge one case.

prohibited allowance

Capital Allowances Act 2001 s114 gives this a specific meaning in relation to a capital allowance that has been wrongly claimed for overseas leasing of plant and machinery. The section provides a mechanism for recovering the allowance. This mechanism is explained in the Inspector's Manual at CA 24350.

prohibited name

Name which a company is not allowed to use (Companies Act 2006 s53).

A name may not be used if it indicates a connection with a public body or local authority which it does not have or if it contains words or expressions which have been banned by regulation.

A name may also be prohibited if it uses characters or symbols which are not permitted (ibid s57). A name may not be used if it is the same or too similar to a name already in use (ibid s66).

prohibited or restricted goods "Goods of a class or description of which the importation, exportation or carriage coastwise is for the time being prohibited or restricted under or by virtue of any enactment" (Customs and Excise Management Act 1979 s1(1)).

Prohibited goods generally may not be imported into the UK at all, while **restricted goods** need a licence or similar authority. Prohibited goods include "unlicensed drugs, offensive weapons, indecent and obscene material featuring children, pornographic material, counterfeit and pirated goods, meat, milk and other animal products"

(Customs notice 3).

prohibition	Ban on something, particularly on the consumption of alcoholic drink, and particularly in the USA between 1920 and 1933.
prohibition order	<p>Order that legally prohibits some action or some person.</p> <p>For housing, notice served under Housing Act 2004 s20 or s21 which imposes conditions on a domestic property where a hazard exists.</p> <p>For pensions, an order made by the Pensions Regulator under Pensions Act 1995 s3 which prevents a person being a pension fund trustee.</p>
prohibitive	Description of a price which is so high that the goods or services are not bought.
pro indiviso	Latin: as undivided.
pro interesse suo	Latin: as to his interest.
project	Plan or piece of work considered separately from other work.
Project 2010	Tax avoidance scheme based on Gift Aid with no real gift .
Project Corbiere	<p>Tax avoidance scheme that tried to save income tax by exploiting a perceived mismatch between legislation on accrued interest rules and manufactured interest. It was also known as Whitebox.</p> <p>The scheme was rendered ineffective by the case <i>Barnes [2011] TC 972</i>.</p>
project deliverable	In project management , a term for exactly what is delivered during the project. This should be specified in sufficient detail that there can be no argument as to whether the deliverable has been delivered.
projected unit method	<p>In accounting for pensions, method of actuarial valuation that makes allowance for projected earnings.</p> <p>“An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation (sometimes known as the</p>

actuarial benefit method pro-rated on service or as the benefit/years of service method)" (FRS 102 glossary).

Project Fear

Term coined in 2016 by those who wish to leave the European Union to describe the campaign of those who wished to remain. This concentrated on the perceived risks of leaving, often believed to be exaggerated, rather than on the benefits of staying.

project finance

Funding allocated for a specific project.

Project Goldcrest

Tax avoidance scheme that involves 28 steps to re-order an international company's tax affairs to avoid tax and for no other commercial reason. The US tax authorities accused Amazon of using this scheme in 2016. Amazon denied the allegation.

project initiation

First phase of **project management**.

Typically it includes setting policy objectives, defining the project's scope, establishing the strategy and deriving the structure in which the work is broken down.

project management

Discipline of applying management skills to the administration of a project for maximum efficiency.

The recognised stages of project management are initiation, specification, design, build, implementation and review.

project manager

Person who oversees **project management**.

The main functions of a project manager are to plan, organise, co-ordinate, control and lead.

project objective

Objectives followed in **project management**.

Such objectives should be measurable, achievable and consistent.

project phase

In **project management**, periods of the project when the **project objectives** may be conveniently grouped.

project-related reserves

For gas and oil companies, this term is defined in Corporation Tax Act 2010 s332DB(7).

Project Zephyr

Tax avoidance scheme that sought to create allowable losses. The scheme was the subject of the tax appeal

Fidex [2011] TC 1550.

- proliferation** In biology, growth (often rapid) by multiplication of cells, buds or similar. By extension, the term means a rapid growth of something from internal forces.
- prolix** Unnecessarily wordy, description of a document that is unnecessarily long. In the case *Myllward v Weldon 1595*, this was held to be an offence when applied to court documents.
In that case a plea that could have been written on 16 pages was written on 60. The offender was ordered to be paraded round the courts with his head sticking through a hole cut in his prolix pleadings. The offence remains (in theory), though the penalty does not.
- pro memoria** Latin: for a memorial.
- promise** Voluntary agreement by one person to another for the performance or non-performance of an act.
Unless made under seal, a promise is not a contract and therefore is usually unenforceable.
- promise not to resign** Such a payment made to a director or employment is taxed as employment income. In the case *Prendergast v Cameron [1940] 23TC122*, Viscount Caldicott said "I can see no difference between a promise not to resign and a promise to continue to serve as a director".
- promissory estoppel** Legal remedy under equity that certain rights cannot be enforced in circumstances where it appears that the person's conduct has accepted the matter. The doctrine was developed in the **High Trees case** in 1947.
- promissory note** "An unconditional promise in writing made by one person to another signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person or to bearer" (Bills of Exchange Act 1882 s83(1)).
Ordinary bank notes were once regarded as promissory notes.
- promote** Encourage or advertise.

promoter Someone who advertises or seeks custom, particularly someone who seeks to raise funds for a new business venture.

In relation to tax avoidance schemes, "a person is a promoter if, in the course of a relevant business they:

- are to any extent responsible for the design of a scheme
- make a firm approach to another person with a view to making a scheme available for implementation by that person or others
- make a scheme available for implementation by others
- organise or manage the implementation of a scheme" (HMRC guide published in January 2016).

Promoter of Tax Avoidance Scheme (POTAS)

Tax adviser who operates in secrecy, does not co-operate with HMRC and who operates in a culture of non-disclosure. Most tax advisers do not come within this definition.

In 2014, new regulations were introduced to deal with POTAS. This has two stages. First, HMRC issues a conduct notice, against which there is no appeal. If the terms of this notice are not followed, HMRC may go to a tribunal to seek a monitoring notice. This requires the POTAS to comply with stricter monitoring rules and to tell clients that he has been so identified. HMRC may also publish the name of the POTAS.

promotion (1) Advertising or marketing effort.
(2) In personnel, raising the status, rank or position of an employee.

promotional events The tax allowability of entertainment at such events is discussed in the Inspector's Manual at BIM 45020.

promotion money Money paid to the promoters of a company for their services in launching it.

prompt payment Payment when it is due, particularly of a bill.

prompt payment discount (PPD) Discount offered on the charge for goods or services if payment is made promptly. An example is offering a 1%

discount for payment within seven days of invoice.

Before 1 April 2015, VAT was charged on the discounted price even if payment was not made promptly and the discount not given. From 1 April 2015, VAT is charged on the actual amount paid.

promulgation

Proclamation; putting a law into effect.

proof

(1) Evidence provided in the form of a copy of a page to demonstrate that work has been carried out as specified.

(2) **Proof spirit.**

(3) In coinage, a coin struck from special dies with a mirror-like or matt surface.

proof of criminal intent

A matter for a court or jury to determine in a criminal trial under Criminal Justice Act 1967 s8.

proof of earnings

Statement from an employer confirming an employee's earnings. Such statements are sometimes required for mortgage applications, social security claims or other purposes. (In 2007, it was estimated that 23% of mortgage applicants overstated their salary.)

An employer should only provide such details if either required by law or authorised in advance in writing by the employee. Other than where the law requires otherwise, an employer is entitled to make a charge for providing this confirmation.

It should be remembered that employers routinely provide payslips and P60 certificates to the employee, who is free to show them to whomsoever he wishes.

An employer should not normally make a statement confirming *future* earnings.

proof of removal

Documentary evidence that goods have been removed from the UK to another EU member state. Having and keeping such proof is a condition of being able to zero-rate the supply. VAT notice 725 gives details.

proof spirit

Old measure for identifying the alcoholic strength of drinks. This system has now been replaced by **alcohol by volume (abv)**.

The formal definition was contained in Customs and Excise Act 1952: "Spirits shall be deemed to be at proof if the volume of the **ethyl alcohol** contained therein made

up to the volume of the spirits with distilled water has a weight equal to that of twelve-thirteenths of a volume of distilled water equal to the volume of the spirits, the volume of each liquid being computed as at fifty-one degrees Fahrenheit."

Under this system, 100 degrees proof represented 57.27% alcohol by volume, or 49.5% alcohol by weight. Proof spirit had a specific gravity of 0.91984.

Pure alcohol is 175.25 degrees proof, or 75.25 "degrees above proof".

The USA used the same system but with a different scale. 100 degrees proof in the UK is equivalent to 114.2 degrees in the USA. The USA now also uses alcohol by volume.

The term originated in the 18th century when sailors were provided with free rum. To ensure this had not been watered down, it was "proved" by soaking gunpowder in rum to see if it still ignited.

propaganda expenses

Expenses incurred to publicise an opinion or to further a campaign.

The extent to which such expenses are tax-deductible depends on how far the issue being propagated relates to the business. In the case *Morgan v Tate and Lyle Ltd [1954] 35TC367*, expenses to prevent a trader losing his business were allowed. The matter is discussed in the Inspectors' Manual at BIM42528.

pro patria

Latin: for one's country.

proper amounts of tax

Term used in Guidance Notes to mean the amount of **bank payroll tax** that a bank is expected to pay before engaging in any tax avoidance.

proper fraction

In arithmetic a fraction that has a numerator of a lower value than its denominator.

proper liferent

A Scottish interest in property.

property

Anything which is capable of being owned, particularly land and buildings.

In tax, the term is sometimes given a specific meaning. For example, in the Inspectors' Manual at BIM14070, the term "extends to anything capable of

being owned" for business tax purposes.

Property Acts 1925

Series of laws passed in 1925 that made major changes to the land law. These were supplemented by further laws in 1926.

The six Acts of 1925 are:

- Administration of Estates Act
- Law of Property Act
- Land Registration Act
- Land Charges Act
- Settled Land Act
- Trustee Act

property and affairs LPA

A form of **lasting power of attorney (LPA)** that may be made from 1 October 2007 under Mental Capacity Act 2005. It is also possible to make a **personal welfare LPA**.

An individual who is 18 and has mental capacity may make a property and affairs LPA appointing someone (the attorney) to make decisions on his or her behalf should the individual lose mental capacity. This LPA allows the attorney to take such actions as paying bills, collecting debts, claiming benefits, and selling property.

property arrangements

In relation to reverse premiums, "means the property transaction and any arrangements entered into in connection with it (whether before it, at the same time as it or after it)" (Income Tax (Trading and Other Income) Act 2005 s103(b)).

property authorised investment fund (PAIF)

Form of tax-advantaged property investment company introduced from 6 April 2008.

The main points about a PAIF are:

- it must be an open-ended investment company incorporated in the UK
- it is authorised and regulated by the Financial Services Authority
- there is no need for the PAIF to be listed on a stock exchange
- a PAIF may be used by both individual and institutional investors in the UK and overseas
- all capital gains are tax exempt
- all income distributions are tax exempt,

except for a withholding tax for some foreign shareholders

- special tax charges are imposed on a PAIF that carries excessive debt or makes distributions from exempt income to any company that holds more than 10% of its shares
- PAIFs generally benefit from double taxation treaties.

property based total return swaps

The tax provisions are set out in Corporation Tax Act 2009 s650.

property bond

Investment in a fund which invests in properties.

property business

Corporation tax provisions are given in Corporation Tax Act 2009 from s203. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s263.

The term “means a **UK property business** or an **overseas property business**” (Corporation Tax Act 2009 s204(1)).

property business loss relief scheme

Ineffective tax avoidance scheme.

It sought to exploit reliefs for agricultural property to create losses to offset against taxable income. To the extent that the schemes may have been effective, they were outlawed by Finance Act 2012 s10 for transactions from 13 March 2012. Further details are given in HMRC Spotlight 13.

property company

Company which buys buildings, particularly to lease them.

property developer

Person who develops land for sale.

For annual tax on enveloped dwellings, there are some special provisions in Finance Act 2013 from s128.

property development

Activity which excludes a company from the scope of **EIS relief**. It is defined for this purpose in Income Tax Act 2007 s196.

For venture capital trust purposes, this is defined as “the development of land:

- (a) by a company which has, or at any time has had,

an interest in the land, and

(b) with the sole or main object of realising a gain from the disposal of an interest in the land when it is developed" (Income Tax Act 2007 s307(2)).

Section 307(3) defines **interest in land**.

property disposed of

In insolvency, any sale or gift in the previous five years which appears unreasonable or may have been intended to frustrate the insolvency. Such sale or gift may be reversed.

property duty act

Name briefly given to **income tax** when reintroduced in 1803.

property-embedded fixtures and fittings (PEFF)

Fixed asset which attracts a capital allowance as **features integral to a building** that has been acquired.

The buyer and seller of the property should agree a figure for PEFF. This constitutes a disposal for the seller and an acquisition for the buyer who may set the value to the capital allowance pool for plant and machinery.

property guide

A magazine-type publication produced by an estate agent comprising almost solely details of available properties was held not to be "newspaper, journal or periodical" and so did not qualify for VAT zero-rating. It contained nothing of news and was not sold to the public (*Snushall Dalby & Robinson v Customs and Excise*. QB [1982] STC 537).

property income

Income from land and buildings, mainly in the form of rent. Before 2005, it was generally called Schedule A.

Corporation tax provisions are given in Corporation Tax Act 2009 from s202. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s260.

property investment LLP

A Limited Liability Partnership whose business consists wholly or mainly in the making of investments in land and the principal part of whose income is derived from that business.

property ladder

Process of acquiring a property that increases in value with a view to later resale to fund a better property,

which process is then repeated.

property management company

Taxation on trading

Company that looks after the common parts of a building in multiple occupation. It is often taxed as a mutual trading organisation as is discussed in the Inspectors' Manual at BIM 24782.

VAT flat rate scheme

Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
4 January 2011	12%
1 January 2010	10.5%
1 December 2008	9.5%
1 January 2004	11%

property managing subsidiaries requirement

Requirement under tax law that a subsidiary only comes within the scope of tax relief for a property company if the subsidiary is 90% owned and meets other conditions (Income Tax Act 2007 s141 and 299).

property obtained through unlawful conduct

Term defined in Proceeds of Crime Act 2002 s242. Such property may usually be confiscated.

property, plant and equipment (PPE)

Term for tangible fixed assets now widely used in financial accounting, such as in FRS 102 section 17.

“Tangible assets that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used for more than one period”

(FRS 102 glossary).

property tax

Various taxes charged between the 12th and 14th centuries. The first was charged between c1166 and 1170

on all animals, grain, household goods and trading stock at 2d in the pound for the first year, and 1d for each of the next three years. It was reimposed in the 12th century, coming under the Exchequer from 1290. It was imposed at rates of between one thirtieth and one ninth.

property trading business For annual tax on enveloped dwellings, means “a business that —

(a) consists of or includes activities in the nature of a trade of buying and selling dwellings, and

(b) is carried on on a commercial basis and with a view to profit” (Finance Act s141(3)).

propone In Scots law, to put forward as an argument before the court.

proportionate In the same ratio or of similar size or importance to something else.

proportionate charge “An inheritance tax charge on a **relevant property trust...** which arises when property in the trust ceases to be relevant property or where the trustees make a disposition which reduces the value of the relevant property. The main examples of property ceasing to be relevant property are when the settlement comes to an end or when some of the property is distributed to beneficiaries” (HMRC inheritance tax glossary).

proposed dividend Dividend that the directors recommend to shareholders they accept as their share of the profits.
Under UK accounting standards, such unpaid dividends are shown as a current liability.
Under international accounting standards, they are not shown on the balance sheet on the grounds that there is no liability until the shareholders accept the directors' recommendation (which they almost always do in practice). Instead the proposed dividend is disclosed in a note to the accounts.

proposed higher rate threshold In relation to the tax lock for national insurance, means “the sum of —
(a) the basic rate limit for income tax for the tax year as proposed in the **pre-budget proposals** for that

year, and

(b) the personal allowance for income tax for the tax year so proposed" (National Insurance Contributions (Rate Ceilings) Act 2015 s3(3)).

proposed rate	Rate at which an employer intends to provide a tax-free benefit or payment to an employee (Income Tax (Earnings and Pensions) Act 2003 s289B(1)).
propping-up charge	Term used in criminal prosecutions when a second offence is found which does not justify a prosecution in itself but is brought to add credence to the original charge.
proprietary	Product made by the company which sells it.
proprietary company	American term for a company which invests in shares of other companies, similar to a British investment trust .
proprietary drug	Drug which is made by a particular company and marketed under a trade name.
proprietary trading	When a broker also trades for its own benefit. This can lead to a conflict of interest with clients.
proprietor	In relation to excise goods this term includes the owner, importer, exporter, shipper, or other person owning or being beneficially interested in the goods.
proprietor in possession	Possessor of land described thus: "land is in the possession of the proprietor of an estate if it is physically in his possession, or in that of a person who is entitled to be registered as the proprietor of the registered estate" (Land Registration Act 2002 s131).
proprietor's interest (PI)	Capital invested in a business, particularly by a sole trader. This expression is sometimes used to distinguish this meaning of capital from other uses of that word.
propriety	Ownership, particularly of a business or of a business right.

pro rata	In the same ratio.
pro rata premium	A rate charged for a period of insurance cover shorter than the normal period. For example, if an insured had cover for one quarter of a year, the Pro Rata premium might be only one quarter of the annual premium.
prorate	American term, increasingly used in the UK, meaning to distribute in proportion. It is a made-up verb for pro rata .
pro re nata	Latin: for a special purpose, such as for an emergency.
prorogue	Discontinue the meetings (particularly of Parliament) for a while.
proscribe	Put on a banned list. Originally the word meant to put the name of an outlaw on a death list.
proscription order	Order which may be made under Communications Act 2003 s329 banning foreign material from being broadcast in the UK.
prosecute	Bring proceedings in criminal law.
prosecution	Legal proceedings, particularly under the criminal law. The term is also used for the party who brings the proceedings.
prosecutor	Person who institutes criminal proceedings on behalf of the Crown. "A trained lawyer who tries to prove the defendant guilty of committing a crime in a court of law" (website of Crown Prosecution Service). For tax offences, such proceedings may be brought by a prosecutor of the Revenue and Customs Prosecutions Office under Commissioners for Revenue and Customs Act 2005 s37.
prospect	Chance that something will happen, particularly in respect of something advantageous.
prospective	Possibly happening in the future, particularly something which is expected to happen.

prospective benefit	In accounting for pension funds, is a valuation based on the benefits of current and deferred members (allowing for any future increase in pension payments), and the benefit of current members based on past and future service, allowing for increases in entitlement and pension payments (SSAP 24).
prospective dividend	Dividend which the company intends to pay.
prospective investor	An investor who is considering whether to invest in a company.
prospectively	In relation to a change in accounting, "applying the new accounting policy to transactions, other than transactions and conditions occurring after the date at which the policy is changed" (FRS 102 glossary).
prospective P/E ratio	The P/E ratio expected on the basis of prospective dividends .
prospects	Future possibilities, particularly with regard to employment.
prospectus	Financial statements and supporting detailed descriptions published when a company is offering shares for sale to the public. A prospectus must comply with requirements set out by the Financial Services Authority.
prosperity	State of being wealthy.
prosperity inflation	Excess by which inflation is exceeded by wage inflation, traditionally about two percentage points.
prostitution	When a woman offers her body for sexual activities in return for payment. In itself, prostitution is not a crime, though various activities related to it are crimes. These include keeping a brothel, kerb crawling, living on immoral earnings and procurement. The courts have held that prostitution is a trade subject to income tax.

pro tanto	Latin: for so much, to that extent.
protected animal	Animal which is neither commonly domesticated nor under the control of man (Animal Welfare Act 2006 s2).
protected building	<p>Building which is considered of particular merit. This includes monuments.</p> <p>Such buildings are listed by the relevant government department. They are classified as Grade I, Grade II or Grade II. Generally, the older the building is, the more likely it is to be listed. Almost any building built before 1700 will be listed, whereas there must be very special reasons to list a building built since 1945.</p> <p>Adaptations to protected buildings are zero-rated for VAT under Group 6.</p>
protected child	Child whom someone wishes to adopt and over whom a local council must exercise supervision (Adoption Act 1976).
protected deposit	Funds held by a bank that are likely to remain available to a bank at times of stress. Such deposits are excluded from the scope of the bank levy . Some of these deposits are called sticky deposits .
protected disclosure	<p>Lawful disclosure by an employee of unlawful conduct in the employer's business (Employment Rights Act 1996 s43B). A disclosure is lawful if made to the employer, to obtain legal advice and in some other circumstances. The protection from employment detriment is wider than for whistle-blowing.</p> <p>In relation to proceeds of crime, provisions are given in Proceeds of Crime Act 2002 s337.</p>
protected earnings	Income up to which an attachment of earnings or arrestment of earnings cannot be operated for an employee in that pay period .
protected goods	<p>Goods that are the subject matter of a hire purchase or conditional sale agreement regulated by Consumer Credit Act 1974.</p> <p>The protection is broadly that the goods cannot be repossessed once one third of the price has been paid,</p>

without permission of the court.

protected information

Any information where the duty of disclosure is restricted.

In company law, it specifically means the provisions whereby a director may be excused disclosing his residential address on returns filed at Companies House. These provisions are contained in Companies Act 2006 ss240-246.

protected leasing

Leasing of plant and machinery to a person overseas on terms which avoid tax provisions that would otherwise apply. Those provisions restrict the right to claim capital allowances.

The legal definition is that protected leasing "means

—

(a) **short-term leasing** of the plant and machinery (as defined in section 121), or

(b) if the plant or machinery is a ship, aircraft or transport container, the use of the ship, aircraft or transport container for a qualifying purpose under section 123 or 124 (letting on charter to UK residents etc)" (Capital Allowances Act 2001 s105(5)).

protected occupancy

Right of an agricultural worker to occupy a **tied cottage** with statutory protection similar to a **protected tenancy**.

protected pension input amount

A payment made to a pension fund before 22 April 2009 (or before 9 December 2009 if the £130,000 income rules apply). Such payments must be made at least once a quarter. This usually means regular payments can relate to where at least four irregular payments are made each year.

Such payments are excluded from the **special annual allowance charge** that otherwise reduces income tax relief to 20%.

If the PPIA is a percentage of earnings, the protection extends to increases that relate to increases in those earnings.

protected period

In employment law, the period from the beginning of pregnancy to the end of maternity leave, "during which a woman is entitled to special consideration if this is

necessary to make good any disadvantage she may otherwise experience" (Equalities and Human Rights Commission).

protected person

Head of state, foreign minister, member of their immediate family and others who are entitled to specific protection under Internationally Protected Persons Act 1978, which implements international conventions.

protected rights

For pensions, "the member's total rights to money purchase benefits under the scheme, unless the scheme makes separate provision. If the scheme rules apply to separately provide, then the following have to be included in the scheme rules as protected rights:

- **minimum contributions**
- **minimum payments**
- **age-related payments** including any made as a result of a transfer from a COMP/COMPSPH scheme or the active COMP part of a COMB scheme
- **incentive payments** including any made as a result of a transfer from a COMP scheme
- protected rights transferred in from another COMP/COMPSPH scheme or the active part of a COMB scheme or from an APP/APPSPH scheme
- **GMP or post '97 COSR rights** transferred in from a COSR scheme or the active COSR part of a COMB scheme"

(CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

These are defined in regulation 3 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996, but should be read as including safeguarded rights, wherever appropriate.

protected settlement

In relation to inheritance tax on same-day additions, is one which started before 10 December 2014 and meets the other conditions set out in Inheritance Tax Act 1984 s62C.

protected site

In planning law, area for which permission has been granted for mobile homes.

- protected state** State which enjoys sovereignty but is under the protection of another state.
- protected taxpayer information** Term used in Revenue Scotland and Tax Powers Act 2014 s14 for confidential information provided by a taxpayer.
- protected tenancy** Residential tenancy under which the tenant has the right to a fair rent and security of tenure (Housing Act 1988).
- protected trust deed** In Scottish insolvency, a **trust deed** which is registered and therefore binding on all creditors.
- protection and indemnity association** Association of shipowners formed to meet each other's losses not otherwise covered by insurance.
- protection business** In the context of controlled foreign companies, "means contracts of long-term insurance where —
(a) either —
(i) the contract has no surrender value; or
(ii) the consideration consists of a single premium and the surrender value does not exceed the amount of that premium; and
(b) the contract makes no provision for its conversion or extension in a manner which would result in its ceasing to fall within paragraph (a) above;
and references to protection business include a reference to reinsurance of protection business".
(Income and Corporation Taxes Act 1988 Sch 25 para 11A(3)).
- protectionism** Political policy of protecting home markets by imposing import restrictions and import duties.
These are outlawed between EU member states, and are discouraged in various world trade agreements.
- protection money** Payment to gangsters or similar to prevent them damaging property.
Such payment is not tax deductible as it is a **criminal payment**.

Protection of Vulnerable Groups Scheme in Scotland (PVGS)

A scheme introduced in Scotland to control

employment where this involves access to vulnerable individuals. The law is Protection of Vulnerable Groups (Scotland) Act 1997.

Where an employer pays the registration fees for an individual to belong to the scheme, those fees are not a taxable benefit in kind (Finance Act 2011 s39).

protection plan insurance

Insurance sold to pay off the balance owed on a credit card.

Such insurance has been widely criticised for its high premiums and for not providing the protection customer believe they have.

protective award

In employment law, award made by an employment tribunal for breach of rules relating to redundancy.

protective claim

Claim made in a tax appeal to ensure that a deadline is not missed. It may be made by the taxpayer or HMRC.

Such a claim is often made if the issue in contention is being litigated by another taxpayer.

protective tariff

Import duty imposed as an act of **protectionism**.

protective trust

An **interest in possession trust** which comes to the end if the **life tenant** becomes bankrupt or alienates (such as by selling) his interest under the settlement. When so ended, the trust becomes a **discretionary trust**.

The law is contained in Inheritance Tax Act 1984 s88.

The term may also be used more generally for a trust set up for a beneficiary with a poor record of managing his or her finances.

protest

Explicit statement that an act is done against the will of the doer.

It also refers to a formal procedure that may be followed when a **bill of exchange** has been dishonoured (Bills of Exchange Act 1882 s51).

protocol

Agreement, particularly an international agreement of a less formal nature than a **treaty**. It is often used to amend a treaty.

proustite	Red silver ore that also contains arsenic.
provable debt	In insolvency, the amount that a creditor can show is owed to him or her by the debtor.
prove	<p><i>General</i></p> <p>Demonstrate the correctness of. Such proof is based either on certainty or certitude, more commonly the latter.</p> <p>The word also retains its older use of meaning to test as in “the exception proves the rule”.</p> <p><i>Law</i></p> <p>In law, demonstrate the truth of.</p> <p>A criminal charge must be proved beyond reasonable doubt.</p> <p>A civil charge must be proved on the balance of probabilities.</p> <p>In both cases, the onus of proof rests with the person bringing the charge.</p> <p><i>Insolvency</i></p> <p>In insolvency, state the amount owed.</p> <p><i>Executorship</i></p> <p>In executorship, demonstrate the validity of a will for probate.</p>
provenance	Check on the weight and quality of something, particularly of gold bullion.
provender	Dry food, particularly for horses.
provided house	Accommodation that distillers traditionally provided for excise officers.
providence	Foresight; prudential management. The term can be used in a secular sense to mean good planning by men, or in a theological sense to mean the benevolent care of God.
provident	Providing benefits in the event of misfortune, such as personal illness.

provider of capital	Person or company which provides the capital in any form for a business.
providing funds	Any arrangement whereby one person is financially assisted by another. Providing funds is a factor that can determine whether two people are connected persons .
province	Portion of a state that has a degree of self-government. In the UK, Northern Ireland is a province.
proving a will	Claiming probate (where the deceased left a will) or letters of administration (whether the deceased did not leave a will).
provision	Setting aside funds in the accounts to meet a liability. "A liability of uncertain timing or amount" (FRS 102 glossary)
provisional damages	Damages given for the time being, particularly in cases of personal injury that may ultimately prove to be more serious than presently realised.
provision for credit liabilities	Money set aside to repay outstanding loans or avoid new borrowing.
provision for doubtful debts	An estimate of the risk of not collecting full payment from credit customers, reported as a deduction from trade receivables (debtors) in the balance sheet .
provisional	In accounting, a draft or first document which is subject to revision.
provisional collection of taxes	Arrangements now made under Provisional Collection of Taxes Act 1968 which allows tax to be collected on a provisional basis while an Act is being prepared to allow the tax to be collected on a permanent basis. Such tax is known as temporary tax .
provisional licence	Licence which is issued before a full licence is issued. The term most commonly applies to driving licences .
provisional order	"An order or scheme made under, and requiring confirmation by, Act of Parliament" (Parliamentary Costs

	Act 2006 s18).
provisional order Bill	“A Bill to confirm a provisional order ” (Parliamentary Costs Act 2006 s18).
provisional statement	In licensing, a statement which may be made to the local authority in respect of premises under construction (Licensing Act 2003 s29).
provision for cash discounts	Account that once appeared in financial records of businesses to represent the amount by which the business expected to reduce the figure for debtors shown on the balance sheet. In modern accounting, a single figure is used.
provisions	Those things which it is necessary to provide. The term can be used to mean money set aside in the accounts for liabilities, or basic products such as food and cleaning materials for daily living.
proviso	Clause that contains a key condition.
proxy	Document which delegates authority to another person, particularly to vote, or the person so appointed.
proxy form	Form which a shareholder routinely receives, which can be completed to allow someone to vote on the shareholder's behalf.
proxy statement	In USA, a document filed with the SEC giving details about directors' remuneration, benefits, options and similar.
proxy vote	Vote by a person appointed by a proxy .
PRP	Profit-related pay.
PRR	(1) Private residence relief , from capital gains tax. (2) Position risk requirement, a duty imposed by the Financial Services Authority on certain institutions.
PRS	(1) Premium rate services , from telephone lines. (2) Performing Rights Society.

PRSA	Personal retirement savings account.
PRT	Petroleum revenue tax.
PRTA	Petroleum Revenue Tax Act 1980.
PRT difference	Term defined in Corporation Tax Act 2010 s330B(3).
PRU	(1) Police Resources Unit. (2) Integrated Prudential Sourcebook, an insurance manual produced by the Financial Services Authority.
prudence	One of the qualitative characteristics of financial statements. “The inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated” (FRS 102 glossary).

The uncertainties that inevitably surround many events and circumstances are acknowledged by the disclosure of their nature and extent and by the exercise of prudence in the preparation of the financial statements. Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets and income are not overstated and liabilities or expenses are not understated. However, the exercise of prudence does not allow the deliberate understatement of assets or income, or the deliberate overstatement of liabilities or expenses. In short, prudence does not permit bias.
— *Financial Reporting Standard FRS 102 section 2.9*

Accounting term referred to in **prudence concept** which requires the preparer of a financial statement to err on the side of caution.

prudence concept	The accounting concept that accounts should err on the side of understating the financial position rather than overstating it. The current provision under accounting standards is given under prudence . For previous standards, statement of Standard
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Accounting Practice SSAP 2, issued in November 1971, made this a fundamental accounting concept. This approach was revised by Financial Reporting Standard FRS 18, which applies for accounting periods ending after 21 June 2001.

FRS 18 required a more realistic approach. Para 35(e) still requires accounts to be "prudently prepared (ie a degree of caution has been applied in exercising judgment and making the necessary estimates)".

Para 37 acknowledges that accounts must reflect any uncertainty in figures, but addresses this by requiring "more confirmatory evidence about the existence of an asset or gain than about the existence of a liability or loss, and a greater reliability of measurement for assets and gains than for liabilities and losses".

Prudential Regulation Authority (PRA)

Body formed on 1 April 2013 as one of the successors to the **Financial Services Authority**. The other main successor is the **Financial Conduct Agency**. Both successor bodies were created by Financial Services Act 2012.

PRA is part of the **Bank of England**. Its two statutory objectives are:

- to promote the safety and soundness of firms, and
- to ensure appropriate protection for holders of insurance policies.

prud'homme

In France, a member of a board set up to resolve labour disputes.

PSA

(1) PAYE settlement agreement

The term "means a PAYE settlement agreement made in accordance with regulation 105" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

(2) Pension Schemes Act 1993

(3) Public service agreement.

(4) **Personal savings allowance.**

(5) Pension scheme administrator.

PSB

Term for number of grave spaces sold, as used in Income Tax (Trading and Other Income) Act 2005 s171(3).

PSBR	Public Sector Borrowing Requirement.
PSC	(1) Personal service company. (2) Person (or people) with significant control.
PSC register	Register that a company must keep of persons with significant control . The law is Companies Act 2006 from s790M.
PSE	Public sector entity.
psephology	Statistical analysis of election results.
psi	Twenty-third letter of Greek alphabet denoted by the symbols Ψ and ψ . It also denotes 700 in classical Greek.
PSLA	Standard lifetime allowance for pension contributions as defined for the formula in Finance Act 2004 s219(5).
PSNB	Public Sector Net Borrowing.
PSNI	Pharmaceutical Society of Northern Ireland.
PSO	Pension Schemes Office.
PSP	Performance share plan.
PSR	In relation to taxation of cemeteries and crematoria , the number of plots sold during the relevant period (Corporation Tax Act 2009 s148 and Income Tax (Trading and Other Income) Act 2005 s171(1)).
PSV	Passenger service vehicle.
psychiatrist	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.
Pt	(1) Part, of an Act of Parliament. (2) Atomic symbol for platinum. (3) Point, particularly as a type size.
PT	(1) Primary threshold , for national insurance (2) Country prefix code for Portugal.

(3) Prescribed territories.

PTA	(1) Prevention of Terrorism (Temporary Provisions) Act 1989. (2) Personal tax account. [This is also a common abbreviation for Parent Teacher Association.]
PTO	Pupillage Training Organisation, for barristers.
PTRAS	Pension tax relief at source.
PTSP	Plumbers Safe Tax Plan.
PTVC	Post transaction valuation check, a function that may be performed by HMRC in relation to shares and options.
Pty	Proprietary company , American term.
pub	Abbreviation of public house .
public	Description of all people generally, or of the government or state. The term is also used in specific meanings, such as in public company or public sector.
public access barrister	Barrister who may be instructed directly by a member of the public without first instructing a solicitor. This has only been possible since 2004. The work undertaken is that always done by barristers. Someone considering this should contact the public access clerk of the relevant chambers.
public access clerk	Clerk in barristers' chambers who deals with instructions to public access barristers .
public access rule premises	In relation to the remittance basis, this term is defined for exempt property in Income Tax Act 2007 s809Z(6).
public accountant (PA)	US term for an accountant with a lower qualification than a certified public accountant . Many states have now closed this qualification to new entrants.

Public Accounts Committee	Committee of the House of Commons which investigates spending by each government department.
publican	Person who runs a public house .
public assembly	"An assembly of 2 or more persons in a public place which is wholly or partly open to the air" (Public Order Act 1986 s16).
Public Assistance Board	Body formed in each major area in 1929 to provide financial assistance for people without other resources. It replaced the harsh Poor Laws . The assistance was itself replaced by the welfare state in 1948.
publication	(1) A newspaper, magazine, or newsletter with information, news, and feature stories, usually produced to be sold or as a service to members of associations or organizations. (2) Process of making a report known, such as making the annual report and accounts known to members. For companies, the requirements are set out in Companies Act 2006 s436(2).
public attestation	Authoritative statement made known to the public, such as the opinion in an audit report . This term is particularly used in the USA.
public authority	In relation to mutual assistance in recovering tax between EU member states, "means a person with functions of a public nature". (Finance Act 2011 Sch 25 para 16).
public benefit entity	"An entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members" (FRS 102 glossary). The glossary has a detailed footnote.
public benefit status	Requirement introduced by Charities Act 2006. To qualify as a charity , or to continue one's status as a charity, the body must show that its objectives benefit the public at large or a significantly large portion

of the public.

Most existing charities are unaffected by this change, though some private schools and religious groups could lose their status.

public benefit

Test for a body to obtain charitable status (Charities Act 2006 s2). Further guidance on this test is given in s3.

This requirement is repeated in Charities Act 2011 s4.

public benefit objective

One of the objectives of the **Charity Commission** (Charities Act 2011 s14).

public benefit requirement

One of the conditions that must be met for a body to qualify as a charity (Charities Act 2011 s4).

public body

Body such as a government department or local authority which administers funds.

The government has wide powers to abolish, merge and make other arrangements for such bodies under Public Bodies Act 2011.

In relation to apprenticeships, the term "means —
(a) a public authority, or
(b) a body or other person, that is not a public authority but has functions of a public nature and is funded wholly or partly from public funds"
(Apprenticeships, Skills, Children and Learning Act 2009 sA9(7) as inserted by Enterprise Act 2016 s24).

public bus service

An employee is not subject to a taxable benefit in kind when his or her employer provides support for a public bus service to help the employee get to and from work (Income Tax (Earnings And Pensions) Act 2003 s243).

public charity

In the USA, a charitable organisation so designated under Section 501(c)(3) of the Internal Revenue Code.

It must be a private operating foundation, or **private foundation**. A public charity as defined in Section 509 (identified by the Service as "not a private foundation") normally receives a substantial part of its income, directly or indirectly, from the general public or from government sources. The public support must be fairly broad, not limited to a few individuals or families.

public collection	Raising funds from a public place other than by going from house to house, such as carol singing in a town centre. A local authority licence is needed.
public company	<p>A company which either states on its certificate of incorporation that it is a public company, or which met the relevant requirements for a public company in force when it was registered (Companies Act 2006 s4(2)).</p> <p>The differences between public and private companies are set out in Part 20 of the Act.</p>
public confidence objective	One of the objects of the Charity Commission (Charities Act 2011 s14).
public debt	Money owed by a government.
public deposit	Government's funds held at the Bank of England.
public dividend capital	<p>In relation to a government investment written off, means</p> <p>"an amount paid by a Minister—</p> <p>(a) under an enactment in which that amount is so described, or</p> <p>(b) under an enactment corresponding to an enactment in which a payment made on similar terms to another body is so described"</p> <p>(Corporation Tax Act 2010 s94(4)).</p>
public domain	Description of software that is free to be used, distributed or modified. It has been given up to the public free of copyright restrictions.
public expenditure	Spending by central or local government.
Public Expenditure Committee (PEX Committee)	"A Committee of senior cabinet ministers appointed to advise the Government on decisions to be taken in the Spending Review. Also referred to as the Star Chamber" (HM Treasury glossary).
public finance	Study of government finance, including taxation, national spending, national debt and similar.

public finances	“The government’s accounts, including tax receipts, expenditure, borrowing and debt” (HM Treasury glossary).
public foundation	A non-profit organisation the USA that receives at least one-third of its annual income from the general public (including government agencies and foundations). Public foundations may make grants or engage in charitable activities.
public funds	Money held by the government, a local authority or other public body.
public good	For obscenity law, the term is used when an article is “justified... on the grounds that it is in the interests of drama, opera, ballet or any other art, or of literature or leaning” (Obscene Publications Act 1959 s4(1A)).
public goods	Goods that would not be provided in a pure free-market system.
Public Guardian	Officer appointed by the Lord Chancellor under Mental Capacity Act 2005 s57. The duties include oversight of lasting powers of attorney .
Public Guardian Board	Body established under Mental Capacity Act 2005 s59 to assist the Public Guardian .
Public Guardianship Office	Government body which oversees arrangements for looking after the affairs of the mentally handicapped. It works closely with the Court of Protection .
public hearing	For tax tribunals, a hearing to which the public is admitted. All tax hearings are heard in public unless there is a good reason for a private hearing (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 32).
public holiday	Day when employees need not work. The term is now the same as a bank holiday .
public house (pub)	Premises which is licensed for the sale of alcoholic drink. It often serves food, non-alcoholic drink and sometimes serves meals and offers accommodation.

In the case *McLaren v Mumford* [1966] 69TC173, a publican who owned a house acquired a pub with living accommodation which he occupied solely to enable him to be a publican. The court refused to allow him the whole cost of the accommodation expenses, as is discussed in the Inspectors' Manual at BIM37930.

A pub is an example of a **trade related property**.

public interest company

“Means a company —

(a) any of whose transferable securities are included in the official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000), or

(b) any of whose equity share capital is officially listed in an EEA state” (Companies Act 2006 s519A(1)).

public interest stage

The second stage in the **full code test** of the CPS Code for Crown Prosecutors. The first stage is the **evidential stage**.

“A prosecution will usually take place unless the prosecutor is satisfied that there are public interest factors tending against prosecution which outweigh those tending in favour” (website of the Crown Prosecution Service).

The prosecutor is required to consider:

- how serious is the offence committed?
- what is the level of culpability of the suspect?
- what are the circumstances of and the harm caused to the victim?
 - was the suspect under the age of 18 at the time of the offence?
 - what is the impact on the community?
 - is prosecution a proportionate response?(This in turn requires consideration of cost and effective case management.)
 - do sources of information require protecting?

publicity order

Order that may be served on a care provider under Care Act 2014 s93(4).

public juris

Latin: of public right. This commonly means the right to air and sunlight.

public inquiry

Inquiry established by a government minister on a matter which causes public concern (Inquiries Act 2005 s1).

public interest bodies	“These are bodies of a political, religious, patriotic, philosophical, philanthropic or civic nature. These bodies have objects which are directed outside the particular organisation and beyond the members themselves to the general community” (VAT leaflet 701/5).
public interest disclosure	A limited exception to the rule against disclosure of a taxpayer's affairs by officers of HMRC. It allows HMRC to pass information to other bodies such as the police in defined circumstances. The rules are given in Commissioners for Revenue and Customs Act 2005 s20.
public interest immunity (PII)	<p>Common law principle that a court can prevent a litigant disclosing information if doing so is contrary to the public interest.</p> <p>PII is usually sought by the government which issues a certificate, colloquially known as a gagging order. The court usually allows PII unless there is reason to doubt its appropriateness. Such a case was the Matrix Churchill trial in 1991.</p>
Public Interest Unit (PIU)	<p>Part of the office of the Official Receiver.</p> <p>The unit reports irregularities discovered during insolvency investigations to the appropriate authority. Tax irregularities are reported to HMRC. An example of them doing this is in the case <i>Michael Rangos. TC 01893 [2012]</i>.</p>
publicity	Process of making something known or bringing it to the attention of people.
publicity budget	Money set aside for publicity.
publicity stunt	Event which is organised to attract publicity to promote a cause or a product.
public liability insurance	Insurance cover to protect someone against claims which may be made by members of the public.
public limited company (plc)	A company which has limited liability and offers its shares to the public.

publicly traded	In accounting for debt or equity instruments, the term means “traded, or in process of being issued for trading, in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets)” (FRS 102 glossary).
public offer	<p>Offer to the public in general, particularly of the rights to buy shares.</p> <p>An employee who buys shares in his employer in a public offer, is not taxed on the benefit of employment-related securities (Income Tax (Earnings And Pensions) Act 2003 s421F).</p>
public ownership	<p>Description of assets which are said to be owned by the general public rather than by specific individuals or companies.</p> <p>The term is misleading as ownership by its nature is a package of personal rights. In practice, public ownership means private ownership by a government, council or other body which the public elects or which is appointed by such an elected body. A member of the public has no rights of ownership of such an asset.</p>
public place	In relation to criminal offence of carrying offensive weapons, “public place includes any highway and any other premises or place which at the material time the public have or are permitted to have access, whether on payment or otherwise” (Prevention of Crime Act 1953 s1(4)).
public-private partnership	<p>For insolvency, “means a project —</p> <p>(a) the resources for which are provided partly by one or more public bodies and partly by one or more private persons, or</p> <p>(b) which is designed wholly or mainly for the purpose of assisting a public body to discharge a function”</p> <p>(Insolvency Act 1986 s72C(2)).</p>
public sector	“The part of the nation’s economy that is owned by the government” (HM Treasury).
public sector apprenticeship targets	These are set under the provisions of the

Apprenticeships, Skills, Children and Learning Act 2009 sA9 as inserted by Enterprise Act 2016 s24.

public sector exit payment

Payment made to an employee who leaves his or her job in the public sector. Rules about the maximum payment that may be made are given in regulations made under Small Business, Enterprise and Employment Act 2015 s154.

The limit is set at £95,000 under s155A of the Act as inserted by Enterprise Act 2016 s41.

Public Sector Net Cash Requirement (PSNCR)

This used to be called the Public Sector Borrowing Requirement (PSBR) and is the amount of money the government need to borrow to meet their spending plans. In other words it the amount that their spending exceeds their tax revenue by.

public service agreement

An agreement made between a local authority and central government containing a set of agreed stretched targets for improving services. If the council meets these targets it will receive additional funding from central government, together with greater freedoms and flexibilities from regulations.

Public service pension scheme

A pension scheme established by or under any enactment, approved by a relevant governmental or Parliamentary person or body, or specified as being a public service pension scheme by a Treasury order.

A statutory definition is given in Finance Act 2004 s150(2).

public service remit

Requirements which licensed public broadcasters must comply with (Communications Act 2003 s265).

public spending

Spending by government, local authorities and similar bodies.

public transport strike

There is no taxable benefit in kind when an employer provides certain assistance to employees affected by such a strike (Income Tax (Earnings And Pensions) Act 2003 s245).

public trust	Trust which benefits the general public or a large part of it.
Public Trustee	Official who is appointed to administer a person's property.
public understanding of financial matters	Financial Services Authority has a duty to enhance such understanding under Financial Services and Markets Act 2000 s2 as added by Financial Services Act 2010 s2.
publicly quoted company	Another term for listed company .
public service pension scheme	An occupational pension scheme established under an enactment, Royal prerogative or Royal Charter, and which requires a Minister of the Crown or government department to amend it (Pension Schemes Act 1993 s1(1)).
public warehouse	A customs warehouse available for use by any person for the warehousing of goods.
Public Works Loans Board (PWLB)	A government agency, which provides long-term loans to local authorities at favourable interest rates only slightly higher than those at which the Government itself can borrow.
published accounts	Accounts of a business as printed and made available for members.
published index of prices	In relation to overseas variable rate securities , means "the retail prices index or any similar general index of prices which is published by the government of any territory outside the United Kingdom or by an agent of such a government" (ITA s672(3)).
publisher	(1) Person responsible for the profitability of a publication. (2) Publishing company.
Publishing Details of Deliberate Defaulters (PDDD)	Scheme whereby HMRC may publish the name and other

details of a taxpayer where:

- after investigation by HMRC, the taxpayer has incurred certain tax penalties,
- a tax liability had been deliberately concealed,
- the tax involved is at least £25,000,
- there was no mitigation of the penalty,
- all appeals have been exhausted, and
- the offence occurred after 31 March 2010.

The taxpayer must be notified of an intention to publish and be able to make representations.

Publication must be made within 12 months of the last penalty becoming final. Publication is removed after 12 months.

The statutory authority is Finance Act 2009 s94.

The scheme is more popularly known as **naming and shaming**.

pub-owning business

This term is defined in Small Business, Enterprise and Employment Act 2015 s69.

Pubs Code

Code relating to ownership and management of pubs, which is required by Small Business, Enterprise and Employment Act 2015 s42.

Pubs Code Adjudicator

Office established under Small Business, Enterprise and Employment Act 2015 s41.

Pubs Code dispute

This term is defined in Small Business, Enterprise and Employment Act 2015 s50(2).

Pubs Code levy

Charge that may be made on a pub-owning business to fund the **Pubs Code Adjudicator**. The charge is made under Small Business, Enterprise and Employment Act 2015 s63(1).

pucka

Colloquialism for something that is thoroughly good, complete or solidly built. It can also be spelt as pukka.

puddle phishing

Phishing that is aimed at a small company or small group of users, rather than at a large pool.

puerperal

Relating to childbirth.

puff	In marketing, statement intended to promote a product rather than to describe it.
puisne judges	Justices of the common law courts of Westminster. They were abolished in 1925.
pul	One hundredth of an afghani, currency of Afghanistan.
pull a fast one	Colloquialism meaning to trick or deceive.
pulp	Fruit and vegetable pulp is usually zero-rated for VAT as food (VAT notice 701/14).
pump-action	In relation to criminal law describes a firearm “that is so designed or adapted that it is re-loaded by the manual operation of the fore-end or forestock of the weapon” (Firearms Act 1968 s57(2A)).
pump and dump	Business jargon for the practice of heavily inflating selling prices so that a profit is still made when large discounts are given.
pump priming	Small amount of initial funding for a business or project to encourage others to contribute funds.
puncheon	Old liquid measure of between 70 and 120 gallons.
pundit	Person who is learned in the laws and customs of India. By extension, anyone who considers himself or herself an authority.
punk economics	Colloquialism coined in the late 1970s for economic theory which has little basis in evidence.
punt	(1) Welsh: pound (money) (2) Irish pound, currency of the Republic before it adopted the euro (3) Bet or wager against a bank or bookmaker.
punto banco	This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty .

PUO Pyrexia of unknown origin. Common abbreviation for sick notes (HMRC leaflet E14).

pupillage “Pupillage is the final and practical stage of training to become a barrister, which can commence up to five years after completing the Bar Professional Training Course (BPTC). It is either completed in a set of chambers or with another Authorised Training Organisation (ATO). Pupillages usually start in September or October, one year after being accepted by the chambers (so, for example, successful April 2015 applicants will usually commence pupillage in autumn 2016). However, they may start at other times, depending on the set of chambers or ATO.” (Bar Council website)

Pupillage Fair Event organised by the Bar Council from 2015 to assist student barristers obtain pupillage.

Pupillage Gateway Website service provided by the Bar Council to assist students to find **pupillages**.

Pupillage Handbook Book published by the Bar Council which lists pupillages available.

pupil master Barrister in charge of **pupillage**.

puppet Any arrangement where one person unthinkingly follows the instructions of another. The term commonly applies to leaders of supposedly independent states or bodies.

pur autre vie Latin: for the life of another. The term is used in relation to tenancy.

purchase Buy. In accounts, it can be a noun meaning something bought.

purchase and resale arrangements

One of the five forms of **alternative financial arrangements**.

Its provisions for capital gains tax are given in Taxation of Capital Gains Act 1992 s151J.

Its provisions for income tax are given in Income Tax Act 2007 s564C.

purchase book Book in which purchases are recorded. This is not part of the accounting system.

purchase day book Books which records the purchases made each day. The totals for each day are often treated as a journal entry and entered into the nominal ledger.

purchased goodwill Goodwill acquired as part of the price of buying a business.

Such goodwill is recognised on the balance sheet, whence it may be amortized.

~

Although purchased goodwill is not in itself an asset, its inclusion amongst the assets of the reporting entity, rather than as a deduction from shareholder's equity, recognises that goodwill is part of a larger asset, the investment, for which management remains accountable.

FRS 10 part of para 9. (This standard has now been replaced by FRS 102.)

purchased life annuity An income for life purchased from an insurance company. That part of the annuity that is deemed to be return of capital is tax-free but any balance is treated as interest and is subject to income tax.

For corporation tax, the terms "means an annuity

—

(a) granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life, and

(b) payable for a term ending at a time ascertainable only by reference to the end of a human life (whether or not the annuity may in some circumstances end before or after the life"

(Corporation Tax Act 2009 s561(2)).

purchase invoice Invoice received from a seller.

purchase ledger Record of how much you owe your suppliers. Also known as a **bought ledger**.

purchase method Method of producing consolidated financial statements (see **acquisition method**).

purchase of own shares	<p>When a company buys shares in itself. The effect is to extinguish the share and reduce the capital of the company.</p> <p>Such a purchase is generally illegal under Companies Act 2006 s658, but this is subject to many exceptions. Further provisions are provided in Chapter 4 of the Act from s690.</p>
purchase order	<p>Order to buy goods or services from a supplier.</p>
purchase price	<p>Price paid to purchase goods or services.</p>
purchase requisition	<p>Instruction from within an organisation to its purchasing department to acquire an item.</p>
purchases	<p>Total of goods and services bought in a period.</p>
purchasing department	<p>Part of an organisation which is responsible for purchasing goods and supplies.</p>
purchase tax	<p>Sales tax charged on certain goods, particularly luxury items. It was introduced by Finance (No 2) Act 1940 s18 on 21 October 1940 as a temporary war measure, but continued until 31 March 1973 when replaced by value added tax. The tax was introduced to diminish demand for consumer goods in addition to raising revenue. Some purchase tax provisions have been transferred to VAT.</p> <p>The tax was charged on the open market wholesale value of the goods at the point of retail sale.</p> <p>The original plan was to charge a flat rate of 25% on most goods. This plan was dropped, and the tax was introduced at two rates: 33$\frac{1}{3}$% for most items and 16$\frac{2}{3}$% for other taxable items such as adult clothing and items for preparing food (though food itself was exempt).</p> <p>In 1942, a new higher rate of 66$\frac{2}{3}$% was introduced for luxury goods. This rate rose to 100% in 1943.</p> <p>When the war ended in 1945, goods were divided into classes with many items exempted from tax. This exemption was extended in 1946</p> <p>In 1947, the 66$\frac{2}{3}$% rate was re-introduced, for heaters as a means of coping with a fuel crisis. This rate was also applied to cars costing more than £1,280 and to electric lawnmowers.</p> <p>A second Finance Act of 1947 increased the rates</p>

charged: 16⅔% to 33⅓%; 33⅓% to 50%; 66⅔% to 75%; and 100% to 125%. Six months later in 1948, the groups were recast as three rates: 33⅓%; 66⅔% and 100%. They remained at these rates until 1952.

The final rates, introduced on 20 July 1971, charged 45% on luxury goods, 30% on household goods, 18% on confectionery, 11¼% on furniture. Tax was calculated on the wholesale price.

purchasing manager	Person in charge of the purchasing department .
purchasing officer	Person who works in the purchasing department .
purchasing power	The quantity of goods and services which an item of currency can acquire.
purdah	Curtain for screening a woman's apartments in Eastern countries. By extension, it means any period whereby a person separates themselves. It was used for the exclusion of the Chancellor of the Exchequer and his officers in the days before the Budget in the 20 th century.
pure endowment	Gift to an organisation where the donor describes the purpose for which the money may be used.
pure gift	For capital gains tax, term sometimes used for a disposal for no consideration.
pure income profit	Term used to define those payments that benefit from the tax treatment for annual payments . The term was used in the case <i>Comiskey v Hanbury</i> . CA [1939] 38TC588.
purge	Removal of impurities. By extension, the term has come to mean the wholesale removal of a class of things or people, such as on a change of management.
Puritanism	Practice of some in the reign of Elizabeth I and the Stuart monarchs who wished to extend the Reformation by removing all ceremonies from the church, and by enforcement of strict moral codes. By extension, the term is used for anyone who is zealous in promoting strict morals.

purlieu	Originally a tract of land wrongly added to a royal forest. The word now usually means simply outskirts or land at a border.
purloin	Steal, particularly by easy misappropriation, such as keeping goods entrusted for delivery to another.
Purnell, James	English-born Labour politician (1970-) who was Secretary of State for Work and Pensions between 24 January 2008 and 4 June 2009.
purple judge	Junior circuit judge, from the colour of robes worn. The term is used to distinguish them from red judges of the High Court.
purpose principle	In relation to mental health, "decisions under the [Mental Health Act 1983] must be taken with a view to minimising the undesirable effects of mental disorder, by maximising the safety and wellbeing (mental and physical) of patients, promoting their recovery and protecting other people from harm" (Code of Practice: Mental Health Act 1983 para 1.2)
purpose test	A determinant in how a business is taxed on a payment for compensation or damages, as discussed in the Inspectors' Manual at BIM 42955.
purpose trust	Trust established for a stated purpose, as against a trust merely for possession and distribution of assets.
purpresture	Encroachment of private property on to public property.
purse	Small bag for carrying money. By extension, it has also come to mean an amount of money itself, such as a prize for a boxing match.
purse and sword	Poetic description relating to control of a nation's finances and defence.
purse-bearer	Old term for a treasurer, someone who has custody of another's money.

purse strings	Colloquialism for control over finances. Someone who “holds the purse strings” controls the finance of an entity.
pursuivant	Officer ranking below a herald who has authority to execute warrants.
purveyance	Right of the Crown to requisition goods and services for royal use. This was a form of taxation. This was widely practised from 11 th to 14 th centuries, and was finally abolished in 1660.
purview	Part of a statute, separate from its preamble, which states the scope of the statute.
put-and-take	Old gambling game played with a top.
putative marriage	Marriage that is supposed to be invalid under canon law, but which was entered into in good faith by at least one of the parties.
putative treaty	Double taxation treaty that has been agreed but not put into effect by both countries. This was a particular problem for the treaty with Ghana .
put-on	Colloquialism for a hoax, trick or deception.
put option	Option that the gives the holder the right, but not the obligation, to sell shares or other securities on defined terms.
putter-out	Old term for a person who took out the first form of marine insurance policy, particularly for a long and hazardous journey. The voyager would deposit a sum of money on the basis that he received a much larger sum (typically five times as much) on his return, but nothing if he failed to return.
put up or shut up	Invitation for an accuser to provide evidence for the accusation or to keep quiet.
puture	Ancient right of a forester to be provided with food for himself, his horse and his dog.

PV	Present value.
PVD	Principal VAT directive.
PVE	Payment via employer.
PVGS	Protection of Vulnerable Groups Scheme in Scotland. A scheme introduced in Scotland to control employment where this involves access to vulnerable individuals. The law is Protection of Vulnerable Groups (Scotland) Act 1997. Where an employer pays the registration fees for an individual to belong to the scheme, those fees are not a taxable benefit in kind (Finance Act 2011 s39).
PVM	Pridetines vertes mokestis , Lithuanian for “value added tax”.
PVR	Plant variety rights.
PVRO	Plant Variety Rights Office.
PVS	Permanent vegetative state.
PWC	Post-war credit.
PwC	PriceWaterhouse Coopers, largest accounting firm in the world.
PWLB	Public Works Loan Board.
P Wms	Peere Williams' Reports, law reports of Chancery and King's Bench from 1695 to 1735.
PYA	Prior year adjustment , in accounting.
PYG	ISO code for Paraguayan guarani.
pyrites	Brassy yellow mineral of iron disulphide, more commonly known as iron pyrites. It is similar to gold ore but of negligible value, hence its nickname of fool's gold. It can be tested by using acid, which is the origin of the expression acid test .

Pyrrhic victory Victory gained at too great a cost, such as where the costs incurred significantly exceed the amount awarded. The term comes from a battle led by Pyrrhus, king of Epirus (318-272 BC) in 280 BC.

pyt Payment. Abbreviation used by HMRC in recording telephone conversations.

pyx Box at the Royal Mint to test the weight and fitness of coins. The trial has been conducted since 1282. The current legal requirement for it is in Coinage Act 1971 s8. The trial is now purely ceremonial as coins are checked by more sophisticated modern machinery.

Q

Q

National insurance

National insurance contribution letter for ocean-going mariners where the employee has deferment of contributions.

Other meanings

- (1) Question.
- (2) Old Roman numeral alternative for 500.
- (3) A **Q flag** flown as a courtesy ensign by a yacht that has yet to clear Customs.
- (4) Quantity of biodiesel or bioblend in formula in Hydrocarbon Oil Duties Act 1979 a14C(4).

QA Quality Assurance.

QAD Quality Assurance Department, of Institute of Chartered Accountants in England and Wales.

QAR **ISO code** for Qatar riyal.

Qatar Arab country. Its currency is the Qatar riyal of 100 dirhams. The UK has a double taxation agreement of 2009 amended by a protocol of 2010. There is a double taxation agreement, consolidated version, of 2010.

Qatar riyal	Currency of Qatar.
QB or QBD	Queen's Bench Division. Since 1875, part of the citation of a report of a court case heard in this division of the High Court during the reign of a queen.
QC	(1) Prefixes to paragraphs in chapter 3 of the Conceptual Framework of International Financial Reporting Standards. The chapter deals with the qualitative characteristics of useful financial information. (2) Queen's counsel, a senior barrister during the reign of a queen.
QCB	Qualifying corporate bond.
QCF	Qualifications and Credit Framework.
QE	Qualifying expenditure for capital allowance. This abbreviation is used in Proceeds of Crime Act 2002 Sch 10 para 14(3). It is also used in Capital Allowances Act 2001 s 104E in relation to a disposal of special rate assets, and s197(3) in relation to an anti-avoidance provision.
QED	Quod erat demonstrandum, Latin: which was to be demonstrated. Initials put at the end of a Euclidean geometry theorem, and, by extension, to anything else that has been proved.
QEF	Qualifying earnings factor.
Q flag	Yellow flag that is flown instead of a courtesy ensign by a yacht that has yet to be cleared by Customs and Immigration. A Q flag does not need to be flown if arriving from an EU state (Customs notice 8).
QI	Qualifying intermediary. Term used in connection with Foreign Account Tax Compliance Act 2010 of USA.
QIIP	Qualifying interest in possession, a form of trust.

qintar	Albanian unit of currency, equal to one hundredth of a lek.
QIS	Qualified investor scheme.
QLR	Qualifying loan relationship, term used in relation to controlled foreign companies.
QRC	Quarantine release certificate.
QR code	Square pattern of black squares, similar to a bar code but two-dimensional. They were invented in 1994. The letters stand for Quick Response. A modern use is for a modern mobile phones or similar appliance to scan the image to produce an instant e-mail such as a technical specification of an item.
QRI	In relation to residence nil rate band for inheritance tax, the attributable portion of the value transferred, as defined in Inheritance Tax Act 1984 s8M(2) as inserted by Finance (No 2) Act 2015 s9.
QRM	Quick Response Mechanism.
QROPS	Qualifying recognised overseas pension scheme.
QST	Quebec Sales Tax.
quadrans	Roman copper coin worth one quarter of an as.
quadrillion	10 ¹⁵ , that is 1 followed by 15 zeros.
quadruplicate	Provided four times, such as four copies of the same document.
quaelibet concessio fortissime contra donatorem interpretanda est	Latin: every grant is to be construed as strongly as possible against the grantor.
quae non valeant singula, juncta juvant	Latin: words which are of no effect by themselves are effective when combined.

quaere	Latin: to inquire. Comment used to cast doubt on a statement.
Quai d'Orsay	French foreign office, from a quay on the Seine.
qualec	Abbreviation of qualifying low emission car . Such a case attracts a low fuel benefit tax charge for an employee if provided as a company car . The term ceased to have any meaning from 6 April 2012 when the rates were extended down to 10%.
qualification	In auditing, a reservation or exception in notes to the accounts which comment on how reliable a figure or figures are.
qualification appropriate to the practice of the profession concerned	Term defined in VAT leaflet 701/5 in relation to fees for a professional body.
qualification share	Share which a director must hold as a condition of holding office. The existence of such an arrangement must be disclosed in any prospectus .
qualified	(1) Description of a person who holds a recognised qualification in the relevant discipline, such as being an accountant or solicitor. (2) In accounting, a narrative comment which reflects on the accuracy or reliability of a figure in the accounts.
qualified acceptance	When a person takes over the duty to pay a bill of exchange subject to a new condition (Bills of Exchange Act 1882 s19(2)).
qualified accounts	Accounts with an audit report which either does not accept the accounts or believes that further comment should be provided.
qualified audit opinion	An audit opinion to the effect that: the accounts do <i>not</i> show a true and fair view; or the accounts show a true and fair view <i>except for</i> particular matters. HMRC has confirmed to Institute of Chartered Accountants in England and Wales that a qualified audit report does not necessarily trigger a tax investigation.

Details are given in ICAEW Technical Release 800.

qualified creditor

In Scotland, someone who is owed at least £1,500 and may start sequestration proceedings against the debtor.

qualified domestic trust

In the USA, a trust for a non-citizen spouse of a US citizen. The creation of such a trust has tax advantages on the death of the US citizen.

qualified investor scheme (QIS)

An **authorised investment fund** that has wide powers and may legally only be marketed to qualified investors, as defined by Financial Services Authority.

In general, a QIS is taxed as an **authorised investment fund**.

qualified report

Report by auditor or examiner which discloses a concern or which gives information not included in the accounts.

qualified teacher

Person who satisfies the conditions in various regulations (Education Act 2002 s132). The regulations are contained in various Statutory Instruments.

qualified valuer

Person who holds a recognised qualification in valuing and who has relevant post-qualification experience. The auditor may rely on the opinion of such a valuer when accepting values of fixed assets, particularly with regards to land and property.

qualifying

This term is widely used in tax law to describe something that meets conditions subsequently set out. Only the most common or distinctive uses of the word are separately listed below.

qualifying academy provider

Company limited by guarantee that runs an **academy** (Academies Act 2010 s12(2)). Such a provider is a charity.

qualifying accessory

Additional item added to a company car and which may increase the value on which the employee pays tax (Income Tax (Earnings And Pensions) Act 2003 s125(1)).

qualifying annual payment

In relation to deductions from annual payments and patent royalties, this term is defined in Income Tax Act

2007 s899.

- qualifying arrival date** For employee taxation, the date an employee arrives in the UK. It is determined according to Income Tax (Earnings And Pensions) Act 2003 s375.
- qualifying asset** For accounting, "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale" (FRS 102 glossary). The glossary continues with possible examples.
- qualifying care relief** Various forms of **care relief** for which tax provisions apply.
- qualifying change** Term used in Finance Act 2010 s26 to cover the sale, part-sale, change of ownership and similar changes in ownership of a business that could prevent an acquiring company being able to claim the capital allowances of the acquired company.
- qualifying change of ownership** Term used in Taxation of Capital Gains Act 1992 s184C in relation to chargeable gains on a change of company ownership.
- qualifying chapter 3 expenditure** In relation to research and development tax credits for small and medium-sized companies, this term is defined in Corporation Tax Act 2009 s1065.
- qualifying chapter 4 expenditure** In relation to research and development tax credits for small and medium-sized companies, this term is defined in Corporation Tax Act 2009 s1070.
- qualifying chapter 5 expenditure** In relation to research and development for large companies, this term is defined in Corporation Tax Act 2009 s1076.
- qualifying charity-owned company** Term used in relation to **tainted charity donations** (Income Tax Act 2007 s809ZJ(8) and Corporation Tax Act

2010 s939C(8)).

qualifying corporate bond (QCB)

In general, this means a financial instrument that represents a loan relationship.

For capital gains tax, the term is defined in Taxation of Capital Gains Act 1992 s117. The term **corporate bond** is defined in *ibid* s132.

qualifying creative work

A literary, dramatic, musical or artistic work which provides a particularly large revenue in one tax year.

From 6 April 2001 there is a special tax provision which helps to prevent the writer, playwright, composer or artist being highly taxed in one year.

The provision considers two consecutive years. The provisions is triggered when either:

- the profit for one year is less than 70% of an adjacent year; or
- the profit for one year is nil.

In such a case, the profits may be averaged according to a specific formula. The total profits of all years are fully taxed; the scheme simply evens up the income between the relevant years.

qualifying distribution

Payment of a dividend on which advance corporation tax (ACT) has been paid. (ACT was generally abolished in 1999.)

qualifying donation

Donation that qualifies for tax relief under Gift Aid in accordance with Income Tax Act 2007 s416. This imposes various conditions.

qualifying earnings factor (QEF)

For social security, an amount calculated as the **earnings factor** for a tax year multiplied by 52 (Social Security Contributions and Benefits Act 1992 s122(1)). It determines eligibility to certain contributory benefits.

qualifying emissions certificate

In relation to capital allowances for cars, the legal provisions are set out in Capital Allowances Act 2001 s268C.

qualifying employment share trust (QUEST)

An employee share ownership trust (ESOT) that meets certain conditions when the trust is established. These are set out in Finance Act 1989 Sch 5. Tax relief is provided by Finance Act 1989 s67.

qualifying entity

For accounting, "a member of a group where the **parent** of that group prepares publicly available **consolidated financial statements** which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation" (FRS 102 glossary).

An entity that qualifies for reduced disclosure of its accounts such as by being a subsidiary (FRS 102 section 1.8).

qualifying expenditure on contracted-out research and development

This term is defined in Corporation Tax Act 2009 s1078.

qualifying expenditure on contributions to independent research and development

This term is defined in Corporation Tax Act 2009 s1079.

qualifying expenditure on in-house direct research and development

This term is defined in Corporation Tax Act 2009 s1077.

qualifying financial institution Organisation whose business includes receiving deposits and granting credits (FRS 1, now repealed).

qualifying fuel and power Supplies of fuel and power used for domestic purposes or by a charity for its non-business activities. Such supplies qualify for the reduced rate of VAT.

qualifying general earnings "In relation to a **PSA**, has the meaning given by regulation 106"
(PAYE Regulations SI 2003 No 2682 reg 2(1)).

qualifying holiday accommodation

Term used in Corporation Tax Act 2009 s267 and Income Tax (Trading and Other Income) Act 2005 s325.

qualifying insurance contract Contract of employee indemnity insurance that does not create a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s349).

Another definition appears in *ibid* s560 in relation

to payments from an employee.

qualifying insurance policies In accounting for pensions, “an insurance policy issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policy:

- (a) can be used only to pay or fund employee benefits under a defined benefit scheme;
- (b) are not available to the reporting entity’s own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either:
 - (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
 - (ii) the proceeds are returned to the reporting entity to reimburse if for the employee benefits already paid”,

(FRS 102 glossary).

qualifying interest in possession (QIIP) In relation to the exemption from the inheritance tax ten-yearly charge, this term is defined in Inheritance Tax Act 1984 s80(1).

For inheritance tax generally, the term is defined and the tax provisions set out in Inheritance Tax Act 1984 from s59.

qualifying investments test Test that must be satisfied by an **open-ended investment company** as set out in Corporation Tax Act 2009 s493.

qualifying low emission car **Company car** which has a **carbon dioxide emission** of less than 120g/km. The term is abbreviated to **qualec**.

From 6 April 2008 to 5 April 2011, such a car attracts a **fuel benefit** tax charge equal to 10% of the set charge. This is significantly less than for most other cars where the percentage can be as high as 35%.

The term is no longer used as such cars are taxed on the scale for all company cars.

qualifying non-sterling account In relation to HMRC’s power to seize funds from a taxpayer’s bank account without needing the approval of any court, this term is defined in Finance (No 2) Act 2015 Sch 8 para 4(9).

qualifying overseas pension scheme

An overseas pension scheme is a qualifying overseas pension scheme if it satisfies certain HMRC requirements. The scheme manager must notify HMRC that the scheme is an overseas pension scheme and provide evidence to HMRC where required. The scheme manager must also sign an undertaking to inform HMRC if the scheme ceases to be an overseas pension scheme and comply with any prescribed benefit crystallisation information requirements imposed on the scheme manager by HMRC. The overseas pension scheme must not be excluded by HMRC from being a qualifying overseas pension scheme.

qualifying payment

For PAYE, "means a payment which becomes retrospective employment income as a relevant payment (including a notional payment)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

qualifying period

Time which must pass before an entitlement applies. Examples include periods for receiving a grant or tax relief.

qualifying policy

A life insurance policy which has been certified HMRC as complying with the Qualifying Policy Regulations. Proceeds on maturity or death do not give rise to a tax charge.

qualifying recognised overseas pension scheme (QROPS)

A recognised overseas pension scheme is a qualifying recognised overseas pension scheme if it satisfies certain HMRC requirements. The scheme manager must notify HMRC that the scheme is a recognised overseas pension scheme and provide evidence to HMRC where required. The scheme manager must also sign an undertaking to inform HMRC if the scheme ceases to be a recognised overseas pension scheme and comply with any prescribed information requirements imposed on the scheme manager by HMRC. The recognised overseas pension scheme must not be excluded by HMRC from being a qualifying recognised overseas pension scheme.

qualifying service

(1) In pensions, the period for which an employee must be employed by a company before becoming eligible to join a group scheme. Also refers to the service to be taken

into account to entitle a member of a pension scheme to short service benefit.

(2) In employment law, the period of one year before which an employee is eligible to claim many rights, particularly unfair dismissal. There is no qualifying service for a claim for dismissal arising from:

- trade union membership or non-membership;
 - illegal discrimination;
 - work as health and safety officer, pension scheme trustee, or employee representative;
 - refusing to work on a Sunday (as allowed);
- and
- breach of Working Time Regulations.

qualifying shares

Number of shares which a shareholder must hold to be entitled to receive a bonus issue or to become a director of the company.

qualifying site

In relation to onshore allowance for oil and gas companies, the term "means a site whose development (in whole or part) is authorised for the first time on or after 5 December 2013" (Corporation Tax Act 2010 s356C(3)).

qualifying subsidiaries requirement

Requirement that a company which has a subsidiary or subsidiaries is only eligible to receive investment under a **venture capital trust** if the subsidiary or subsidiaries themselves qualify.

qualifying territory

Any country or other territory with whom the UK has a **double taxation treaty**. In some contexts, there are further restrictions.

qualifying time deposit

For income tax purposes, this is defined in Income Tax Act 2007 s866.

qualifying trade

Commercial activity which qualifies investment in a company for a tax relief. In practice, a qualifying trade is usually defined as any trade except a non-qualifying one.

qualifying travelling expenses

Travelling expenses that may be claimed by employees and office holders. Normal commuting is not included.

- qualifying UK or foreign tax** In the context of leasing, means income tax, corporation tax or any foreign equivalent (Capital Allowances Act 2001 s70YE).
- qualifying units in or shares of a non-UCITS retail scheme** For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).
- qualifying votes** For determining control of a company in a claim for **consortium relief**, "votes which may be cast in a poll taken at a general meeting of the trading company held during or after the current period" (Corporation Tax Act 2010 s155(3)).
- qualifying week (QW)** For **statutory maternity pay (SMP)**, this is the 15th week before the **expected week of childbirth**. If the employee was not employed in the QW, she is not entitled to SMP from that employer.
The QW is also used to determine the period for which **average earnings** are calculated to determine payments for the first six weeks of SMP.
- qualifying young person** Term used in social security legislation to describe someone for whom **child benefit** may be claimed.
A qualifying young person is basically someone aged 16 to 18 (and in limited circumstances 19) who is in full-time education or training and for any **extension period** thereafter.
For tax credits, the term is defined in Tax Credits Act 2002 s8(4).
- qualitative characteristics** Requirements of published accounts of a reporting entity as set out in FRS 102 from para 2.4.
The characteristics are:
- understandability
 - relevance
 - materiality
 - reliability
 - substance over form
 - prudence
 - completeness
 - comparability
 - timeliness

- balance between benefit and cost.

quamdiu se bene gesserit	Latin: during good behaviour.
quand même	French: Nevertheless, whatever the consequence may be.
quando acciderint	Latin: when it happens. The term is used in executorship to mean that a judgment against an executor applies when the goods come into his possession.
quando aliquid mandatur, mandatur et omne per quod pervenitur ad illud	Latin: when anything is commanded, everything by which it can be accomplished is also commanded.
quando aliquid prohibetur fieri, prohibetur ex directo et per obliquum	Latin: when anything is forbidden, then doing it directly or indirectly is forbidden.
quando duo jura in una persona concurrunt, aequum est ac si essent diversis	Latin: when two titles concur in one person, it is the same as if they were in different persons.
quando jus domini regis et subditi concurrunt, jus regis praeferrri debet	Latin: when the titles of the king and of the subject concur, the title of the king is to be preferred.
quando lex aliquid alicui concedit, concedere videtur id sine quo res ipsa esse non potest	Latin: when the law gives anything to anyone, it gives also all those things without which the thing itself could not exist.
quando plus fit quam fieri debet, videtur etiam illud fieri quod faciendum est	Latin: when more is done than ought to be done, then that is considered to have been which ought to have been done.
quant	American colloquial abbreviation for a quantitative analyst.
quantitative easing (QE)	"A process whereby the central bank injects money directly into the economy in order to stimulate bank lending and control inflation" (HM Treasury glossary). This

	is sometimes called printing money.
quantum	Latin: amount, quantity.
quantum meruit	Latin: as much as has been earned.
quantum ramificatus	Latin: the amount of damage suffered.
quantum sufficit	Latin: sufficient quantity.
quantum valebant	Latin: the amount it is worth.
quarantine	<p>Compulsory and necessary isolation, such as on the importing of animals to avoid spreading illness.</p> <p>In relation to organ transplants, the term means “the status of retrieved tissue or cells, or tissue isolated physically or by other effective means during processing to prevent or retard biological or physical deterioration of cells or tissues” (Directive 2003/23/EC article 3).</p>
quarantine flag	Yellow flag traditionally flown by a ship in quarantine.
quarantine kennels	These qualified for capital allowance as plant if constructed between 1 April 1972 and 14 March 1988.
quarantine release certificate (QRC)	Document that an importer may need to present to Customs to obtain clearance to import certain plants or plant products.
quare impedit	Latin: why does he hinder? Form of writ for a disputed benefice.
quarries	Profits from a quarry run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).
quart	Imperial unit of liquid capacity equal to 2 pints, 69.355 cubic inches or 1.136 litres. There are four quarts in a gallon.
quartation	Process of mixing one part of gold with three parts of silver as part of a process of purification.

quarter

General

Fourth part. One divided by four.

Value added tax

"Quarter means a period of 3 months ending at the end of March, June, September and December" (Value Added Tax 1994 s96(1)).

Other meanings

- (1) Period of three months for which accounts are sometimes prepared.
- (2) US coin worth 25 cents, or a quarter of a dollar.
- (3) Imperial unit of weight of one quarter of a hundredweight, that is 28 pounds (or 25 pounds in USA).
- (4) Eight bushels of corn.

quarterage

Old term for a quarterly payment, particularly of rent.

quarter day

England

One of four days in the year on which payments (particularly of rent) are often due.

In England and Wales, the quarter days are:

- Lady Day: 25 March
- Midsummer Day: 24 June
- Michaelmas Day: 29 September
- Christmas Day: 25 December

Ireland has the same quarter days, though they are not widely used.

Scotland

Scotland has **old Scottish term days** of:

- Candlemas: 2 February
- Whitsunday: fixed as 15 May
- Lammas: 1 August
- Martinmas: 11 November

(These days were also used in Northern England until 18th century.)

Under Terms and Quarter Days (Scotland) Act 1990, Scottish term days are now 28 February, 28 May, 28 August and 28 November with effect from 13 June 1991.

quarterly distillery return

Return that must be made every three months by a **distillery** on form W21.

quarterly PAYE

The right to pay PAYE quarterly instead of monthly if the amount is below a limit, currently £1,500 a month. This provision was introduced on 6 April 1991.

The option is based on a reasonable estimate of monthly PAYE and national insurance at the start of the tax year. Provided the estimate was reasonable when made, quarterly payments may continue even if the figure rises above the limit.

The monthly PAYE limits are:

From year	Monthly maximum PAYE
2000/01	£1,500
1999/2000	£1,000
1995/96	£600
1994/95	£450
1991/92	£400

The relevant provisions are given in PAYE Regulations SI 2003 No 2682 reg 70.

quarterly rebate payment person

For hydrocarbon oil duty, “means a **rebate payment person** permitted by the Commissioners, in the licence issued by them to him as a rebate payment person, to furnish an estimate (governed by the Regulations) in relation to any quarterly period in any year beginning 1st January, 1st April, 1st July and 1st October” (Hydrocarbon Oil Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

quartern

Measure of one quarter of a peck, stone, pound, pint or hundred, depending on context.

quarter sessions

Court sittings to deal with appeals from petty sessions. These courts sat from 14th century until 1971.

quartile

In statistics, those items that fall into one of the four quarters of a range, such as the richest quartile, second richest quartile etc.

quarto

Old standard paper size before A4 became the standard in the 1970s. Quarto measured eight inches by ten (with

some historic variations), which is a little smaller than A4.

quash

In law, extinguish or annul completely,

quasi-cash collateral

“In relation to a **stock lending arrangement** or **quasi-stock lending arrangement**, means —
(a) any money which is payable for a relevant purpose, and
(b) any other property which is transferable for a relevant purpose” (Income Tax Act 2007 s600(4)).
Section 600(5) defines “relevant purpose” as meaning part of a stock-lending or quasi-stock lending arrangement.

quasi-contract

An obligation that does not arise from a contract but is similar to one that does. The implications have been considered in the cases *Sinclair v Brougham* [1914] and *Nelson v Larholt* [1951].

quasi-debt

Term used by international accounting standards in relation to **preference shares**.

quasi-derivative

“A contract or asset having the effect of a **derivative contract**”
(FCA glossary).

quasi-distribution

Loan by a company to a shareholder.
This was a common tax avoidance scheme that has now been made ineffective.

quasi-easement

Implied right of a tenant to enjoy all easements which are necessary to enjoy the property rights granted. The issue was considered in the case *Wheeldon v Burrows* [1879].

quasi-loan

Transaction with the nature of a loan arranged through a third party.
If a quasi-loan is arranged between a company and one of its directors, the approval of members may be required.
The statutory definition is: “A transaction under which one party (the creditor) agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the borrower) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement,

expenditure incurred by another party for another (the borrower):

(a) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or

(b) in circumstances giving rise to a liability on the borrower to reimburse the creditor" (Companies Act 2006 s199(1)).

quasi-stock lending arrangements

"Means so much of any arrangements between two or more persons as are not **stock lending arrangements**, but are arrangements under which —

(a) a person ("the lender") transfers securities to another person ("the borrower") otherwise than by way of sale. and

(b) a requirement is imposed on a person to transfer any or all of the securities, or any other property, back to the lender or any other person otherwise than by sale"

(Income Tax Act 2007 s600(2)).

quasi-subsiary

"A quasi-subsiary of a reporting entity is a company, trust, partnership or other vehicle that, though not fulfilling the definition of a **subsiary**, is directly or indirectly controlled by the reporting entity and gives rise to benefits for that entity that are in substance no different from those that would arise were the vehicle a **subsiary**" (FRS 5 para 7, now repealed).

A different definition is given in Corporation Tax Act 2010 s32(3) in relation to whether dividends from such a company are **franked investment income**.

quasi uniform

When **everyday clothing** is so prescribed for work so that it serves the same function as a **uniform**.

Unlike a uniform, it does not become tax-deductible. The leading case is *Mallalieu v Drummond* [1983] 57TC330. The matter is discussed in the Inspectors' Manual at BIM37910.

quay

Landing place for goods delivered by boat.

queen

Female monarch, or wife of a king.

Queen Anne's Bounty	Fund established in 1703 to fund the Church of England. It is now merged as part of the Church Commissioners' funds.
Queen Elizabeth II	<p>Monarch of the United Kingdom (1926-)who succeeded to the title in 1952 on the death of her father King George VI. She is also head of state for seven other countries and the Commonwealth.</p> <p>All taxes are collected in her name.</p> <p>The Queen is exempt from tax though she agreed to pay it voluntarily from 6 April 1993, as did the Prince of Wales. Their agreement is set out in a memorandum of understanding presented to Parliament on 11 February 1993.</p> <p>This memorandum sets out what constitutes royal income for the purposes of taxation. It also exempts from inheritance tax transfers from one sovereign to the next.</p>
Queen Mary gesture	<p>Major project that fires the imagination and stimulates productivity.</p> <p>The term was widely used by Ian McGregor when chairman of British Steel Corporation. It referred to the building of the ship Queen Mary whose almost complete hull had been rusting in a shipyard during the 1930s recession. The government lent Cunard the money to complete its building as a means of providing a psychological boost. The ship was launched in 1935.</p>
Queen's counsel (QC)	Senior barrister during the reign of a Queen.
Queen's peace	Right of law-abiding subjects to live their lives without interference.
Queen's tobacco pipe	Nickname for a kiln at London Docks where contraband was burned until 1891.
Queer Street	Poetic name for fictitious abode of people with serious debt problems.
quelque chose	French: something unspecified.
QUEST	Qualifying employment share trust.

questions for the Secretary of State

Before 29 November 1999, this was the only method of appeal for an issue relating to national insurance. It was governed by Social Security Administration Act 1992 s17. From 29 November 1999, appeals are made to tribunals as for income tax.

quetzal

Currency of Guatemala.

Gold coins for 5, 10 or 20 quetzales may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).

Quia Emptores

Latin: because purchasers. A statute of 1290 relating to land holdings.

quick ratio

In accounting, another term for **liquidity ratio**.

Quick Response Mechanism (QRM)

Provision under a draft European Directive issued in November 2011 in relation to VAT fraud.

Under QRM, a member state is able to impose a reverse charge on defined goods as a means of combatting VAT fraud, without waiting for a derogation from the European Commission.

Quick Shoe

Leading tax case on the extent to which the purchaser of a business may claim tax relief for discharging liabilities of the seller.

The full citation is *Cooke v Quick Shoe Repair Service [1949] 30TC460*. The capital element of the consideration is discussed in the Inspectors' Manual at BIM35655; the revenue element at BIM38330.

quick succession relief (QSR)

Relief given when property is inherited for a second time within five years, such as when a beneficiary dies soon after the testator.

The relief is 100% for a second succession in one year, and then 20%, 40%, 60% and 80% for up to two, three, four and five years respectively (Inheritance Tax Act 1984 s141).

If the successor also dies within five years, QSR may be claimed again.

QSR is a long-standing provision of death duties. For example, it was given for estate duty under Finance Act

1958 s30 (repealed by Finance Act 1975).

quicquid plantatur solo, solo cedit

Whatever is affixed to the soil belongs to the soil.

quid

Colloquialism for a pound in money. The term dates from 1688.

quid hoc sibi vult?

Latin: what does this mean?

quid pro quo

Latin: something for something. In contract law, this means **consideration**.

quids in

Slang for a very profitable situation.

quiet possession

Right to use one's possessions freely. In consumer contracts, this right is given by Consumer Rights Act 2015 s17(6).

quietus

Acquittance, discharge from office.

quietus redditus

Latin: **quit rent**.

qui facit per alium facit per se

Latin: he who acts through another is deemed to act in person.

This is the legal principle that a principal is liable for the actions of his or her agent. This principle is explicitly stated in tax law regarding agents, such as in arguing **reasonable excuse**.

qui jure suo utitur neminem laedit

Latin: he who exercises his legal right inflicts upon no-one any injury.

qui jussu judicis aliquid fecerit non videtur dolo malo fecisse quia parere necesse est

Latin: he who does anything by command of a judge will not be supposed to have acted from improper motive because there is an obligation to obey.

quilibet potest renunciare juri pro se introducto

Latin: every man is entitled to renounce a right introduced in his favour.

quill	Writing implement made from a feather.
Quinapulus	Fictitious person to whom observations are attributed to give them added credence. The name comes from one quoted by the clown in <i>Twelfth Night</i> by Shakespeare.
quindraka	One hundredth of a lek, currency of Albania.
Quinizarin	Colouring agent that is used to indicate that hydrocarbon oil duty has not been paid on oil.
quintal	Unit of weight equal to 100 kilograms, or one tenth of a metric tonne.
quintillion	Number equal to 1 followed by 18 zeros.
quintuplicate	Description of a document provided five times.
qui per alium facit, per seipsum facere videtur	Latin: he who does anything by another is deemed to have done it himself.
qui prior est tempore potior est jure	Latin: he who is first in time has the strongest claim in law.
quipu	Ancient Peruvian device for keeping accounts by knots on string.
quire	24 sheets of paper.
quis custodiet ipsos custodes?	Latin: who will watch over the watchers themselves? In other words, who supervises the supervisors? The phrase comes from <i>Satires</i> by Juvenal.
qui sentit commodum sentire debet et onus; et e contra	Latin: he who enjoys the benefit ought to bear the burden; and vice versa.
qui s'excuse, s'accuse	French: he who excuses himself, accuses himself.

- quit** Leave, particularly in the sense of giving up a tenancy.
- qui tacet consentire videtur** Latin: he who is silent is deemed to consent.
This principle only applies in a few areas of law.
- qui tam** Writ whereby a private individual who assists a prosecution may receive all or some of the penalty imposed.
The term comes from the Latin expression: *qui tam pro domino rege quam pro se ipso in hac parte sequitor*. This means: he who sues in this matter for the king as well as for himself.
In the UK, this writ fell into disuse after Common Informers Act 1951. It remains in force in the USA under the False Claims Acts.
- quit rent** Rent once paid to the lord of the manor to acquit the tenant of other services.
- quiz machine** Machine which asks questions for the paying user to select a correct answer.
Such a machine is specifically excluded from the scope of **amusement machine licence duty**.
- quoad hoc** Latin: regarding this.
- quod ab initio non valet, in tractu temporis non convalescit** Latin: that which is bad from the beginning does not improve by length of time.
- quod aedificatur in area legata cedit legato** Latin: that which is built on ground that is **devised** passes to the devisee.
- quod contra legem fit, pro inefecto habetur** Latin: what is done contrary to the law is deemed not to have been done at all.
- quod fieri non debet, factum valet** Latin: a thing which ought not to have been done may nevertheless be perfectly valid when it is done.
- quod non apparet non est** Latin: that which does not appear does not exist.

quod per me non possum, nee per alium

Latin: what I cannot do in person, I cannot do by proxy.

quod semel placuit in electione, amplius disciplere non potest

Latin: where election is once made it cannot be revoked.

quo ligatur, eo dissolvitur

Latin: whosoever can bind can also release.

quorate

When a meeting has a **quorum** of members.

quorum

Minimum number of members who must be present at a meeting for it to transact business. The size of the quorum is usually stated in the body's constitution.

The quorum is usually expressed either as a number or as a percentage of the membership. If insufficient people attend, the meeting is **inquorate** and cannot transact business.

Where a meeting is inquorate, the rules should allow the meeting to be reconstituted at a later date subject to proper notification and notice period, when the meeting may transact its business regardless of whether it is quorate.

In company law, a single member can be a quorum (Companies Act 2006 s318(1)).

quota

Limited amount of something which is permitted, such as for imported goods or type of person who must be employed.

quota system

Any system which uses a **quota**. The term is commonly used for restricting imports of particular goods into a country, and for restricting the supply of essential goods when demand is too great.

quotation

The illustration provided to show the costs of insurance cover. The quotation document forms the basis of a new contract or the renewal of an existing one. It contains details of the conditions, benefits, caveats and premiums for the policy.

quotation

A statement of how much a contractor or supplier will charge for providing goods or a service. A quotation is legally binding for a stated period, unlike an estimate.

quote	In finance, give a figure on which another person may rely, particularly as a price for supplying goods or a service.
quoted company	Company “whose equity share capital — (a) has been included in the official list in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000, or (b) is officially listed in an EEA State, or (c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq” (Companies Act 2006 s385(2)).
quoted investments	Investments in quoted companies .
quoted option	Option quoted on a recognised exchange. The term is so defined in Taxation of Capital Gains Act 1992 s144, which deals with the capital gains tax implications.
quoted shares	Shares in quoted companies . For inheritance tax valuation purposes, this includes shares quoted on a foreign exchange.
quote-driven system	Operating system of a stock market where market makers quote a price for a share or other security. The other system is order-driven system .
quotient	In mathematics, the answer from a division calculation. In the calculation: $12 \div 4 = 3,$ 12 is the dividend, 4 is the divisor and 3 is the quotient.
quoties in verbis nulla est ambiguitas ibi nulla exposition contra verba expressa fienda est	Latin: when in the words there is no ambiguity then no interpretation contrary to the actual words is to be adopted.
quotition	In arithmetic, division by repeated subtraction.
quousque	Latin: until.

quo warranto

Latin expression for a writ in which someone claims something to which he is not entitled.

R

R

National insurance

Normal national insurance contribution letter for ocean-going mariners.

It applies for those who are not contracted out (before 6 April 2016), paying reduced rate or who have deferred contributions.

Law

Either Rex (Latin: king) or Regina (Latin: queen).

The term is used in many abbreviations, including the citations for criminal cases.

Other meanings

(1) Old Roman numeral for 80.

(2) Right side.

(3) Abbreviation: Indian rupee.

(4) Abbreviation: Nepalese rupee.

(5) Abbreviation: rand, currency of South Africa.

(6) Unit holder's rights, as used in formula in Corporation Tax Act 2009 s973(2).

(7) Rate of rebate in formula in Hydrocarbon Oil Duties Act 1979 s14C(4).

R\$

Abbreviation: real, currency of Brazil.

R3

[Association of Business Recovery Professionals.](#)

R40

Form to make a reclaim of tax.

R43

Form for a non-resident to claim for a tax allowance or tax repayment.

R68

Form to claim tax under **Gift Aid**.

R105(AUT)

Form sometimes used to show that the beneficial recipient of an investment fund is not ordinarily resident

in the UK.

- RA** (1) Recovered amount, used in the formula in PAYE regulations SI 2003 No 2682 reg 97H(5).
(2) Reciprocal agreement, between UK and other state.
- rabbit** (1) Colloquialism for a surprise announcement, such as those sometimes given by the Chancellor of the Exchequer at the end of a Budget speech. It is an allusion to the old magic trick of producing a white rabbit from a seemingly empty top hat.
(2) Possible form of goodwill as a fourth category of **cat, dog and rat**.
- rabies** Animal disease. Animals susceptible to the disease must usually be quarantined on importation. The Pet Passport scheme may be used for cats, dogs or ferrets.
- RAC** (1) **Royal Automobile Club**, an organisation that provides breakdown and other motoring and social services for members. It can also arrange registration plates for **temporarily imported vehicles**.
(2) Retirement annuity contract.
- race** For the purposes of racial discrimination law, it means a person's "colour, race, nationality or ethnic or national origins" (Race Relations Act 1976 s3(1)).
- racehorse tax** Tax charged from 1784 to 1874.
- race relations** Laws, policies and practices designed to ensure that all races are treated equally.
- Rachmanism** Exploitation of tenants by an unscrupulous landlord for his financial benefit.
The term comes from Peter Rachman (1919-1962) who employed such methods against tenants in Notting Hill in the 1950s and 1960s. This included driving out tenants who had legal protection by violence or threats of violence. He was exposed in 1963. The Rent Act 1965 was passed to address such concerns.
- racial discrimination** Discriminating against a person because of their colour, race, nationality or ethnic or national origin. It is generally

unlawful under Race Relations Act 1976 or Equalities Act 2010.

racial grounds

“Any of the following grounds, namely colour, race, nationality or ethnic or national origins” (Race Relations Act 1976 s3(1)).

racial group

“A group of persons defined by reference to colour, race, nationality or ethnic or national origins” (Race Relations Act 1976 s3(1)).

racial harassment

In the context of race relations means “on grounds of race or ethnic or national origin, [engaging] in unwanted conduct which has the purpose or effect of:

- (a) violating that person’s dignity, or
- (b) creating an intimidating, hostile, degrading, humiliating or offensive environment for him” (Race Relations Act 1976 s3A(2)).

racking

For alcoholic liquor duty, a term given a specific meaning in Alcoholic Liquor Duties Act 1979 s16 in relation to storage of spirits.

racking line

For **beer duty**, collection of kegs or casks filled at the same time. It is relevant in determining quantities subject to beer duty, as explained in Customs notice 226.

rack rent

Legally, the annual rent that can be reasonably charged according to what it would obtain in the open market.
The term has come to mean a very high rent.
In relation to local authority action against insanitary housing, the term meant “rent which is not less than two-thirds of the full net annual value of the house” (Housing Act 1936 s9(4)).

RAD

Royal Association for Deaf People.
From June 2015, RAD offers a service to assist deaf taxpayers under an agreement with HMRC.

radial chord

Curvature in the sides of a many-sided coin, such as the UK’s 20p, 50p and (from 2017) £1 coin. It allows the coin to roll.

radian Unit of circular measure, approximately equal to 57.3 degrees.

radiator For capital allowances on plant and machinery installed in a building, a water-filled radiator is specifically included within the scope of a **fixture** by Capital Allowances Act 2001 s70YI(1).

radio Such equipment usually requires a licence from **OFCOM** to be imported. This licence is a condition for obtaining Customs clearance.

radio licence Licence required between 1927 and 1971 to receive radio broadcasts in the UK. It is in effect a **hypothecated** tax, and was administered as a tax.

The licence was originally required under Wireless Telegraphy Act 1904. The licence was in effect superseded by the television licence, first introduced in 1946.

radio production *VAT flat rate scheme*
Under the VAT flat rate scheme, the appropriate percentage is generally:

From	Percentage
4 January 2011	13%
1 January 2010	11.5%
1 December 2008	9.5%
1 January 2004	10.5%

radio transmitter Customs may seize imported radio transmitters that are not authorised for use in the UK. This includes CB radios and cordless telephones.

raffle Lottery for goods.

raffle ticket Ticket to enter a **raffle**. Typically the tickets are numbered 1 to 100 in a book with matching counterfoils. The purchaser keeps the ticket while the counterfoils are entered into a container and drawn out to allocate the prizes. Raffle tickets usually have a unique serial number in addition to the main number.

RAG	Regulated activity group.
rag trade	Colloquialism for the clothing industry. It has been used by HMRC in press releases.
rag week	Week of fun activities at some universities and colleges after examinations to raise funds for charity.
raid	Sudden attack or seizure. They may be organised by HMRC or the police when they believe that evidence may be lost if notice was given of an intended search.
railway	<p>Profits from this, when run as a trade, are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).</p> <p>The definition of railway is given in Railways Act 1993.</p> <p>For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).</p>
railway asset	<p>Means —</p> <p>(a) a locomotive, tram or other vehicle, or a carriage, wagon or other rolling stock designed or adapted for a railway;</p> <p>(b) anything which is, or is to be, comprised in any railway station, railway track or light maintenance depot or any apparatus which is, or is to be, installed in association with such a station, track or depot” (Capital Allowances Act 2001 s95(2)).</p> <p>Capital allowance provisions are given in Capital Allowances Act 2001 s95.</p>
railway business	“Means a business so far as is carried on to provide a service to the public for carrying goods or passengers by means of a railway in the United Kingdom or the Channel Islands” (Capital Allowances Act 2001 s95(3)).
railway station	For capital allowance purposes, a definition is given in Capital Allowances Act 2001 s95(6).

railway track	For capital allowance purposes, a definition is given in Capital Allowances Act 2001 s95(6).
railway transfer schemes	There are some special capital allowance provisions in Railways Act 2005 Sch 10.
rain check	A receipt or counterfoil on a ticket, permitting the person to see an alternative event if the main event is cancelled because of rain. The term originally applied to US baseball games.
rainy day	Figurative term for a future time of possible need.
raise	Organise funding.
raised print	Security device on modern Bank of England notes. If the finger is run over the words "Bank of England" the raised print can be felt.
raison d'état	French: reason of state. The doctrine that the national interest takes precedence over private rights.
raj	British governance of India from 1858 to 1947.
rake in	Colloquialism for realising or collecting money.
rally	In investment, an increase in value, particularly after a period of decline or non-movement.
Ramadan	Muslim month of fasting.
Ramsay principle	Principle of tax avoidance set out in the landmark House of Lords case <i>W T Ramsay Ltd v Inland Revenue [1981]</i> . The general principle is that a pre-ordained series of transactions may be considered as one transaction where intermediate steps have no purpose other than tax avoidance. This applies even when the intermediate steps have been properly executed as separate transactions. This principle was extended in Furniss v Dawson .
rand	Currency of South Africa.

random check	Item arbitrarily selected from a batch as a means of testing the batch.
random number	Number arbitrarily chosen, usually from a predefined range such as between 1 and 100. It can be used in simulation .
range	(1) In mathematics and similar disciplines, numbers that lie between predetermined upper and lower numbers, such as between 201 and 300. (2) In marketing, all the products offered for sale by a business.
rank	In insolvency, a class of debt determining the order in which it is paid relevant to other classes.
rank and file	Soldiers and non-commissioned officers in the armed forces, as against commissioned officers. In this context, "rank" means soldiers standing in a line at the front, and "file" means the soldiers standing behind them. The term has come to mean the general workforce up to supervisor but below management.
Rank litigation	The case <i>HMRC v Rank Group [2009]</i> heard in the High Court. It extended the scope of bingo duty and the VAT exemption for bingo to other areas, including mechanical bingo.
ransom	Sum paid for a purpose such as releasing a kidnapped employee or to buy off threats to contaminate products. All such payments are disallowed as tax-deductible expenses as criminal payments (Corporation Tax Act 2009 s1304). Payments to prevent such situations, such as for additional security or replacement of damaged goods, will usually be tax deductible. The matter is discussed in the Inspectors' Manual at BIM 43180.
ranzel	Old term in Orkney for a search for stolen goods.
RAP	Rupees, annas and pies, the old currency of India.

rap	Old slang for a counterfeit halfpenny. [The word has many other meanings.]
rapacious	Greedy, grasping.
rape	Criminal offence of forced sexual intercourse. The term can also mean plundering of goods of assets.
rapid resolution scheme	Scheme proposed by government in November 2011 to provide a quick resolution to employment issues without the need for an employment tribunal.
rappee	Coarse snuff made from dry tobacco.
rappen	One hundredth of a Swiss franc, currency of Switzerland. It is also known as a centime.
RAS	Relief at source. This term is particularly used for pension tax relief.
RAT	Rate applicable to trusts.
rat	Element of goodwill as classified under cat, dog and rat .
rate	Figure from which an amount may be calculated. An examples is quoting a rate of so much per hour of a person's time. In insurance, it is the pricing factor upon which an insurance premium is based; it is the price for a given unit of insurance.
rate applicable to trusts (RAT)	Rate of income tax introduced in 2005 for taxing discretionary trusts . The RAT is 40% except for dividends where it is 32.5%.
rate of interest	Rate of interest that can be thought of as the price of money. It is the extra proportion that has to be paid when borrowing money or the extra that a saver receives when putting their money aside for the future (unless they keep it under the mattress). The level of the rate of interest is determined by the Monetary Policy Committee of the Bank of England that meets each month.

rate of return	Total income from an investment expressed as a percentage of the amount invested.
rate of return rule	Treasury management rule of thumb which states that you should invest only if the overall rate of return exceeds that available for equivalent investments in the capital markets.
rate of sales	Speed at which units are sold.
rate of yield	The amount of compensating product obtained from processing a given quantity of imported goods.
rate review	Used in group insurance to describe the review of premium rate at the end of a rate guarantee period.
rate tart	<p>Person who freely changes from one financial supplier to another to get the best rate. The term is particularly applied to individuals who switch credit cards to take advantage of special offers.</p> <p>The term comes from the word "tart" meaning a woman who offers her affections freely without any long-term commitment. Rate tarring is also known as snoozing.</p>
rateable value (RV)	A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue's Valuation Office Agency.
rated	In insurance, description of coverage issued at a higher rate than standard, usually due to impairment of the insured life.
rated output work	<p>Basis for ensuring that the national minimum wage (NMW) is paid for output work, where a person is paid according to work done rather than time spent. Examples include homeworkers who assemble items or put literature into envelopes.</p> <p>Compliance with the NMW regulations requires either a record to be kept of hours worked, or for a system of rated output work which calculates a piece rate based on 120% of the NMW for the mean hourly output</p>

rate, as explained in the entry for **output work**.

rate of depletion

Rate at which oil and gas is removed from a field.

The term was particularly used in economic forecasting in 1979 and the early 1980s in terms of determining tax policy for oil revenues.

rates

Local authority tax which was first introduced in 1694 until replaced by **community charge** (or **poll tax**) in 1982 (1981 in Scotland), which was itself replaced by **council tax** in 1993.

ratify

Approve or sanction an action that has already been taken.

rating agency

Organisation which determines a rating, particularly of the creditworthiness of companies.

rating officer

Officer working for a local authority who determines the **rateable value** of a property.

rating

Giving something a value or an indication of its standard.

ratio

The proportion one number bears to another.

ratio analysis

Analysing accounts by using **accounting ratios**.

ratio decidendi

Reason for a judicial decision. It is distinguished from the **obiter dicta** which does not create a binding precedent.

ratione soli

Latin: by reason alone.

rat race

Colloquialism for seeing society as a scramble for each individual to prosper even at the expense of others.

rattening

Removing a person's tools to prevent them working.

This was once a popular form of trade union reprisal.

ravage

Lay waste, destroy, pillage.

RAVTPA

Relevant accounting value of third party acquisitions.

The term and its abbreviation are used in

Corporation Tax Act 2009 s849C.

raw data	Information as received without any form of analysis or selection criteria being applied to it. The term is often used to refer to numbers fed into a computer.
raw materials	Basic materials from which goods are produced. With labour, it comprises the two elements of direct costing .
raw tobacco	“Any part of the tobacco plant (leaf, stem etc) that has been harvested from the ground but does not yet meet the definition of ‘other smoking tobacco’ or “hand-rolling tobacco” (HMRC Consultation Document on Control of Raw Tobacco. 2014).
RBS	Royal Bank of Scotland.
RCB	Regulated Covered Bond sourcebook, published by the Financial Services Authority.
RCH	Recognised clearing house.
RCPO	Revenue and Customs Prosecution Office.
RCS	(1) Receipts clearing system , part of HMRC computer system. (2) Regulatory Capital Securities.
RCTU	Revenue and Customs Trade Union.
R/D	Refer to drawer. Legend written on a cheque which a bank has not honoured. The most common reason is insufficient funds in the account.
RD\$	Abbreviation: Dominican Republic peso.
R&D	Research and development.
RDC	Regulatory Decisions Committee, of the Financial Services Authority.

RDCO	Registered dealer in controlled oil.
RDE	Real world driving emissions.
RDEC	(1) Research and development expenditure credit. (2) In relation to corporation tax surcharge on banks, “means any amount brought into account by the company under Chapter 6A of Part 3 of CTA 2009 (trade profits: R&D expenditure credits) as a receipt in calculating the profits of a trade for the chargeable accounting period” (Corporation Tax Act 2010 s269DA(2)).
RDPR	Refer to drawer, please re-present. These instructions may appear on a cheque when there are insufficient funds to pay the cheque at present, but may be if the cheque is re-presented.
RDS	Relevant discounted security.
RE	Residual expenditure. This is used in various contexts, such as in the formula in Income Tax (Trading and Other Income) Act 2005 s171(1).
re	(1) About, regarding, concerning. The term is often used to name cases as an alternative to naming the parties. (2) One hundredth of a krone, currency of Denmark.
REA	Relevant earnings amount.
read	In relation to company documents, “a document or information can be read only if — (a) it can be read with the naked eye, or (b) to the extent that it consists of images (for example, photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.” (Companies Act 2006 s1168(6)).
readies	Colloquialism for money in the form of banknotes and coins.
readily ascertainable market value	Term used in FRS 10 (now repealed) para 2 in relation to

valuation of intangible assets.

readily identifiable

Term used in relation to **housing benefit**.

If someone lives in rented accommodation, they may claim benefit except for fuel charges. These are excluded at cost if they are readily identifiable from rent. Otherwise a flat rate figure is used.

ready money

Money in the form of banknotes and coins, ready for immediate use.

real asset

Fixed asset of land and buildings, as against personal assets such as furniture and vehicles.

real estate

Property which consists of land and buildings.

For wills, the term "shall extend to manors, advowsons, messuages, lands, tithes, rents, and hereditaments whether corporeal, incorporeal or personal, and to any undivided share thereof, and to any estate, right or interest (other than a chattel interest) therein" (Wills Act 1837 s1).

real estate agent

Person who buys and sells land and property.

real estate investment trust (REIT)

Company which provides a collective investment in commercial property.

From 1 January 2007, a special regime operates at the option of the company.

Under the REIT scheme, the company pays an **entry fee** of 2% of the value of the property. This property is then **ring-fenced** from any other activities of the company. The property rental business of the REIT is not subject to corporation tax. However a loss made by the REIT may be offset against profits of the non-REIT business.

The REIT must meet various conditions.

real exchange rate

Exchange rate that has been adjusted to allow for inflation.

real GDP

Level of GDP after changes in inflation have been taken into account.

real interest rate	Interest rate that has been adjusted to allow for inflation.
real investment	Purchase of tangible assets (not necessarily land and buildings) rather than buying shares or other securities.
realisation	Process for turning assets into cash, particularly in insolvency.
realisation basis	<p>For taxation of certain securities, means “not recognising a profit or loss on any asset until it is realised” (Finance Act 2002 s65(2)).</p> <p>The provisions for moving to mark to market are given in Income Tax (Trading and Other Income) Act 2005 s236.</p>
realisation concept	Accounting principle that increases in value should only be recognised when the asset is sold. UK accounting standards depart from this concept for land and buildings which should be periodically revalued.
realise	Process of turning an asset into cash.
realised loss	<p>Loss arising from revenue which has been suffered by the entity.</p> <p>Further guidance for companies is contained in Companies Act 2006 s841.</p>
realised profit	<p>Profit arising from revenue which has been earned by the entity and for which there is a reasonable prospect of cash being collected in the near future.</p> <p>Further guidance for companies is contained in Companies Act 2006 s841.</p>
realising	In finance, turning assets into cash.
Really Simple Syndication (RSS)	Computer system whereby a subscriber may sign up to receive regular updates or news from a source. There are many such services for tax.
real property	Land and buildings.
real rate of return	Rate of return after allowing for inflation.

real return after tax	Rate of return after allowing for tax and inflation.
real tennis	<p>A player of real tennis may retire on a personal pension at the age of 35, provided:</p> <ul style="list-style-type: none">• the person had the right by 5 April 2006,• the right was unqualified in that it needed no other person to consent,• the right was set out in the governing documentation of the pension scheme by 10 December 2003. <p>(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).</p>
real terms	Amount expressed in terms which allow for inflation.
real time	Where a computer reacts immediately to instructions from the user.
real time information (RTI)	Part of the PAYE system introduced from 2012 that requires employers to provide a monthly breakdown on payslips.
Real Time Information employers	<p>This term means all employers from 6 October 2013 (PAYE regulations SI 2003 No 2682 reg 2A(1)) unless specifically excluded by reg 2A(1)(c), plus employers for earlier periods who agreed to test Real Time Information.</p>
Real Time Information pension payers	<p>This term means all pension payers from 6 October 2013 (PAYE regulations SI 2003 No 2682 reg 2B(1)) and pension payers for earlier periods who agreed to test Real Time Information.</p>
real time returns	Returns made under real time information . The statutory provisions are given in PAYE regulations SI 2003 No 2682 from reg 67B and Schedule A1, with effect from 6 April 2012.
real time system	Computer system which responds immediately to instructions from the user.
realty	Land and buildings.

real value Value after allowing for inflation.

real world driving emissions (RWE)

Emissions from vehicle exhausts as measured in normal driving rather than under artificial test conditions.

The term came into use in 2015 (and can be found in Employer's Bulletin 57, for example). This follows the **vehicle emissions scandal** when some manufacturers were found to fitted defeat devices to reduce emissions under test conditions.

The EU introduced this test to replace Euro 6. It led to the retention of three percentage point supplement for diesel engine company cars for a further five years to 5 April 2021.

re-approval

Approval for a second or subsequent time.

In tax, many existing pensions, annuity contracts and superannuation schemes were re-approved from 6 April 2006.

reasonable

Term widely used in contracts and other documents to mean sensible and fair.

The term is conveniently imprecise as it thus imposes a burden on a claimant to prove that the disapproved conduct was unreasonable, which is necessarily a subjective decision.

reasonable assurance engagement

In auditing, an **assurance engagement** whose objective is "a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner's conclusion" (FRC Auditing Standards and Guidance glossary).

reasonable care

Standard expected by HMRC when submitting tax returns. Failure to exercise such care can lead to greater tax penalties.

The following notes are provided in HMRC Notice of 12 March 2010:

"Reasonable care varies according to the person, their circumstances and their abilities. But we expect everyone to make and keep sufficient records for them to provide a complete and accurate return, and to

update them regularly.

“Some of the ways you can show you took reasonable care, and avoid a penalty include:

- keeping accurate records to make sure your records are correct — see the **record keeping guidance** at www.hmrc.gov.uk/record-keeping/index.htm
- checking what the current position is when you don't understand something.”

reasonable care, skill and diligence

The qualities which a company director is expected to exercise (Companies Act 2006 s174(1)).

This requires “the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by a director” (ibid s174(2)(a)) plus “the general knowledge, skill and experience that the director has” (ibid s174(2)(b)).

reasonable excuse

A civil penalties term used for a reasonable excuse for a default or error. This will depend upon the circumstances, and it applies only to certain types of penalties.

Reasonable Excuse Form

Document completed by a taxpayer to explain why a tax return or payment has not been made by the due date.

reasonable expectation

In a divorce settlement, the reasonable expectation of one party may influence the amount of that party's settlement.

reasonable expectation of profit

Term used in Corporation Tax Act 2010 s49 to determine whether farming or market gardening is a trade.

reasonable price

In a consumer contract, amount a consumer is expected to pay for a service when a specific price has not been agreed (Consumer Rights Act 2015 s51).

reasonable steps

Value added tax

Term used in VAT leaflet 725 with regard to checking the VAT number of a customer in another EU member state. If the number proves to be false (as is common in tax fraud), the UK supplier can escape having to pay VAT on the supply if he can show that he took reasonable steps. These include making sure that the VAT number follows

the convention for the relevant country, and not using a number that the supplier has been told is either invalid or does not belong to that customer.

Senior accounting officer

Steps a person would normally be expected to take to:

- ensure awareness of all taxes and duties for which the company is liable
- ensure that risks to tax are properly managed
- enable various returns to be prepared with an appropriate degree of confidence. (Inspector's Manual at SAOG 24000).

reasonable time

Consumer protection

Period in which a consumer may expect a service to be provided when no specific time has been agreed (Consumer Rights Act 2015 s52).

Trials

Under Article 6 of the European Court of Human Rights a person is entitled to a fair trial within a reasonable time.

The European Court of Human Rights ruled that this provision had been breached when an Austrian taxpayer filed a complaint against the Salzburg administrative court in September 1996 over a conviction for intentional tax evasion. This complaint was not heard until September 2000. The taxpayer was awarded compensation. (*Geyer v Austria. ECHR. Case 69162/01. [2005]*).

reasonably accessible document

Document which an employee may reasonably read while at work (Employment Rights Act 1996 s6). A **statement of changes** may be made by such a document.

reasonably believe

Term used in connection with **bank payroll tax**. The accompanying Guidance Note states that this is "no more than what a reasonable person would believe given the facts and circumstances, having considered the proposed transactions in the round. It is a common sense test".

reassess

Assess again, usually either on the basis of new evidence or by another person when the original assessment is challenged.

reassessment	Second or subsequent assessment.
rebate	In the context of excise duty, a reduced rate of duty that is allowed on oils that have been put to industrial and off-road use. They are marked to show that they have been rebated. It is illegal to use rebated fuels as fuel in road vehicles.
rebated fuel	Road fuel that bears a lower rate of excise duty than normal. It may only be used in excepted vehicles, mainly for farming and construction. The commonest forms are red diesel, green diesel and kerosene. It is an offence to use rebated fuel in other vehicles. HMRC may test a vehicle at the roadside.
rebated heavy oil activity	“Means, in relation to heavy oil described in section 12(2) of the [Hydrocarbon Oil Duties Act 1979] (which includes gas oil and section 12 kerosene), the use of that heavy oil as fuel for a road vehicle (falling within that section) or the taking of that heavy oil into that vehicle as fuel” (Hydrocarbon Oil Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).
rebated heavy oils	Usually gas oil or kerosene. These are heavy oils that carry a lower rate of duty than that for fully duty paid fuel such as Diesel Engine Road Vehicles (DERV); Ultra Low Sulphur Diesel (ULSD); gasoline; Liquid Petroleum Gas (LPG) or Compressed Natural Gas (CNG). There are restrictions to the uses that rebated heavy oils can be put. The law is Hydrocarbon Oil Duties Act 1979 s11.
rebated kerosene	Type of oil on which full excise duty has not been paid. The restrictions for such are given in Hydrocarbon Oil Duties Act 1979 s13AA, with effect from 1 October 1996.
rebated kerosene activity	“Means, in relation to section 13AA kerosene , either of the two uses of that kerosene as fuel for engines, or the taking of that kerosene into the fuel supply of an engine which engines and engine fall respectively within paragraphs 5(a), (b) and (c) of section 13AA(2) of the [Hydrocarbon Oil Duties Act 1979]” (Hydrocarbon Oil

Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

rebated oil

Oil which has been delivered for home use on allowance of a rebate of excise duty under the Hydrocarbon Oil Duties Act 1979, sections 11 and 14.

rebated road fuel

The law is contained in Hydrocarbon Oil Duties Act 1979 s12.

rebate licence

A licence to use rebated heavy oil as road fuel, issued by us.

rebate payment person

For hydrocarbon oil duty, "means subject to paragraph (3) below of this regulation, a person —

(a) who applies in writing to the Commissioners for a licence authorising him to make payments in accordance with the provisions of these Regulations for the purposes of section 12(2) or section 13AA(3) and (4) of [Hydrocarbon Oil Duties Act 1979], as specified in his application, and

(b) to whom a licence is issued by the Commissioners".

(Hydrocarbon Oil (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

rebuilding cost

Cost of reconstructing a building. Typically this includes such related costs as site clearance, architect's fees and temporary accommodation. **Buildings insurance** usually requires buildings to be insured for rebuilding cost.

rebuttable presumption

Something which is assumed to be true until evidence is found which suggests otherwise.

Rebuttable presumptions are widely used in auditing. An audit starts with the rebuttable presumptions that the accounts have been prepared honestly but may contain mistakes.

REC

Recognised Investments Exchange and Recognised Clearing House sourcebook, published by the Financial Services Authority.

recall adjudicator

In relation to parole, a person so appointed under Criminal Justice Act 2003 s239A as inserted by Criminal

	Justice and Courts Act 2015 s8(1).
recall conditions	Conditions that must be satisfied for an MP to be recalled under Recall of MPs Act 2015.
recall of MPs	Limited provisions are provided by Recall of MPs Act 2015.
recall petition	Petition to recall an MP under Recall of MPs Act 2015 s1(2).
recapitalisation	Change in the capital structure of a company when new shares are issued to restore the value of the capital towards the amount it was previously. Recapitalisation is often undertaken by a struggling company seeking to avoid insolvency.
receipt	<p>Either money received, or a document confirming that money, goods or a document have been received.</p> <p>HMRC does not issue receipts for tax unless specifically requested. Such request should be made in a separate letter and not on the payslip.</p>
receipt in kind	<p>When goods or services are received as payment.</p> <p>This turns a sale into a barter. For most tax purposes, the receipt must be valued and accounted for as if it were a cash payment.</p>
receipt notice	Notice that HMRC may serve on a company requiring it to recalculate its tax less advantageously in certain arbitrage arrangements (Taxation (International and Other Provisions) Act 2010 ss249-254).
receipt of insignificant value	In the context of EIS relief , means a receipt of no more than £1,000 (Income Tax Act 2007 s215(2)). Such a receipt disapplies the rule in s213 which requires the relief to be reduced if the investor receives value from the investee company.
receipt of royalties and licence fees	Activity which excludes a company from the scope of EIS relief . It is defined for this purpose in Income Tax Act 2007 s195.

receipt pad	Pad of blank receipts. They are usually pre-numbered with a counterfoil.
receipts	Amounts of money received by a person or business. Income Tax (Trading And Other Income) Act 2005s27 states that a receipt for tax purpose is an item brought into account and does not necessarily mean that any money has been paid.
receipts and payments	Basis of preparing accounts where the accounts show only actual receipts and payments made during the period regardless of the period to which they relate. The alternative basis is accruals basis which is compulsory when a church's finance exceed defined limits.
Receipts Clearing System (RCS)	Part of HMRC's SAFE computing system.
receivable	Description of an amount a business expects to receive, such as from unpaid invoices sent to customers.
received date	The date the contribution was credited to the account by the Charitable Gift Fund for tax purposes.
Receiver of Revenue	South African Revenue Service.
receiver	Person who deals with the affairs of another who is either insolvent or suffering from mental incapacity.
receivership	When an insolvent company is taken over by an insolvency practitioner who may run parts of it or sell it as will generate most return.
receiving agent	In relation to savings income, this term is defined in Importing of Savings Income Information Regulations SI 2003 No 3297 reg 6.
receiving clerk	Official who works in an office where goods or payments are received.
receiving education	In relation to universal credit, is a description of someone in full-time education, study or training. The general rule is that such a person may not claim universal credit, with some exceptions for disabled people and for young people without parental support.

If a couple claims universal credit and one is receiving education, the other person may be able to claim.

receiving office	Office which deals with goods or payments received by a business.
receiving order	Order from a court appointing a receiver to a company.
recently used documents	In computing, a facility whereby selection of a program automatically offers you a list of the most recently created or modified documents which used that software.
reception input	<p>In Customs terminology, old term for an input message that records the physical receipt of export cargo and the associated documents.</p> <p>This is now replaced by New Export System arrival messages.</p>
recession	<p>Period when there is a decline in economic activity.</p> <p>Various more formal definitions have been made, of which the generally accepted one now is two consecutive quarters of negative productivity, that is where gross domestic product contracts.</p>
recipient	Someone who receives goods or a payment.
recipient company	Company that received a tax credit (Income and Corporation Taxes Act 1988 s813).
reciprocal agreement	<p>Agreement between two parties where each agrees to provide similar assistance to the other.</p> <p>In tax, this particularly applies to international agreements on national insurance and social security, of which there are many. The statutory authority is contained in Social Security Administration Act 1992 s179.</p>
reciprocal holdings	Situation where two companies each own shares in the other. This is commonly done to frustrate takeover bids.
reciprocal import preference	Import preference scheme agreed between the EU and various non-EU states which allows imports and exports between them with no Customs duty or a low rate of

duty.

- reciprocity** Arrangement where one person's conduct is dependent on and mirrors another's, such as A buying from B on condition that B buys from A.
- reckon** Calculate, particularly by a quick and informal method.
- reckonable year** For the **state pension**, a year that counts towards the 35 qualifying years needed to secure a pension under Pension Act 2014 s4(5)).
- reclaimed relief** In relation to the sale of occupation income, this term is given a specific meaning by Income Tax Act 2007 s794(3).
- reclaim fund** Fund established by a bank or building society to meet claims from individuals who are found to be the rightful owners of bank or building society accounts that have been declared **dormant**. A full definition is given in Dormant Bank and Building Society Accounts Act 2008 s5.
- reclaim fund business transfer scheme**
"A scheme is a reclaim fund business transfer scheme if, under the scheme, the whole or part of the business carried on by a **reclaim fund** is to be transferred to one or more other reclaim funds" (Financial Services and Markets Act 2000 s106A).
- recognised** In accounting, an item is recognised when it is included by means of words and amount within the main financial statements of an entity.
For corporation tax, this is given statutory backing by Corporation Tax Act 2009 s716.
- Recognised European Economic Area (EEA) collective investment scheme**
This means a collective investment scheme (within the meaning given by section 235 of the Financial Services and Markets Act 2000) which is recognised by virtue of section 264 of that Act (schemes constituted in other EEA states).
- recognised futures exchange** For a provision for corporation tax, "means the London International Financial Futures Exchange and any other futures exchange which is for the time being designated

for the purposes of that Act [Taxation of Capital Gains Act 1992] by order made by the Commissioners for Her Majesty's Revenue and Customs under section 228(6) of that Act" (Corporation Tax Act 2009 s981(3)).

recognised overseas pension scheme

A recognised overseas pension scheme is an overseas pension scheme which is established in a country or territory mentioned in regulation 3(2) of the Pension Schemes (Categories of Country and Requirements for Recognised Overseas Schemes) Regulations 2006 – SI 2006/206. An overseas pension scheme which is not established in such a country is a recognised overseas pension scheme if it satisfies the requirements prescribed in regulation 3(4) of those regulations.

The term is defined in Finance Act 2004 s150(8).

recognised stock exchange

Stock exchanges whose valuations are accepted for various tax purposes.

The current definition is given in Finance Act 2007 Sch 26.

recognised transfer

A transfer representing a member's accrued rights under a registered pension scheme to another registered pension scheme (or, in certain circumstances, to an insurance company) or a qualifying recognised overseas pension scheme.

The tax provisions are set out in Finance Act 2004 s169.

recognised UCITS

For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(c).

recognition

In accounting, the process whereby an item is included in the accounts.

"The process of incorporating into the statement of financial position [balance sheet] or statement of comprehensive income [profit and loss account] an item that meets the definition of an asset, liability, equity, income or expense" and satisfies the two **recognition criteria**. These are the probability of future economic benefit, and reliability of measurement (FRS 102 glossary and section 2.27).

"The process of incorporating an item into the

primary financial statements under the appropriate heading. It involves depiction of the item in words and by a monetary amount and inclusion of that amount in the statement totals" (FRS 5 para 6).

Guidance on recognition of assets and liabilities is given in FRS 18 para 9 and FRS 5 from para 20.

FRS 18 para 9 states "where accounting standards allow a choice over what is to be recognised, that choice is a matter of **accounting policy**".

recognition criteria

The two criteria set out in FRS 102 sections 2.27 to 2.32 for **recognition** of an item in the accounts.

The two criteria are:

- **probability** of future economic benefit
- **reliability of measurement.**

recommended medical treatment

Tax-free benefit that an employer may provide to an employee under Income Tax (Earnings and Pensions) Act 2003 s320C as inserted by Finance Act 2014 s12.

The value of the tax exemption is a maximum of £500 per employee per year.

The cost must be for **medical treatment** that is recommended either under provisions set out in Employment and Training Act 1973 s2, or under arrangements made by the employer. The treatment must be "for the purpose of assisting the employee to return to work after a period of absence due to injury or ill health" (Income Tax (Earnings and Pensions) Act 2003 s320C(3)(b)).

recompense

Payment made to repay a sum or to compensate a person for a loss.

recomputation

Preparing a tax computation for a second or subsequent time because of an error or change of practice from the first computation.

reconcile

Process of making two figures or two accounting documents agree when they refer to the same matter. A common example is reconciling a bank statement to a cash book by listing all the cheques which have been issued but not yet paid, and similar.

reconciliation	In accounting, process of agreeing bank statements and similar reports to your own records.
reconciliation mechanism	Process for ensuring that a scheme with more than one element provides the overall objective that was intended. The term is used in Energy Act 2010 in relation to fuel poverty .
reconciliation statement	Statement explaining how two figures or two documents which refer to the same matter relate to each other.
reconditioning	For VAT, reconditioning goods is a service (VAT notice 700). Small components that are replaced, such as batteries, filters and oil, are not regarded as a separate supply.
reconnoitre	Examine with a view to launching a military operation. The term is sometimes extended to an examination with a view to any type of operation.
reconstruction	<p><i>Accounting</i></p> <p>In accounting, recreating accounts or figures which have otherwise been lost.</p> <p><i>Building</i></p> <p>In building, reinstating a building or turning an existing building into one of a significant different type.</p> <p><i>Capital gains tax</i></p> <p>“A scheme of merger, division or other restructuring” (Taxation of Capital Gains Act 1992 Sch 5AA para 1). The tax provisions are known as scheme of reconstruction.</p> <p><i>Company law</i></p> <p>In company law, where a company replaces its capital structure.</p> <p>The legal implications are set out in Companies Act 2006 from s895. A court order may be sought to facilitate reconstruction (ibid s900).</p>
reconversion of stock	<p>Process of turning stock (meaning equity capital) back into ordinary shares. The company law is contained in Companies Act 2006 s620.</p> <p>The right to convert shares to stock was given in</p>

Companies Act 1985 s121(2)(c). This right has now been repealed by the 2006 Act though previous stock conversions remain legal. Reconversion of stock requires an ordinary resolution of the shareholders but no longer requires prior authority in the articles of association.

reconveyance

Right of a seller to have property sold back by the buyer. Corporation Tax Act 2009 s224 contains provisions for when a lease is sold with a right to reconveyance. Similar provisions for income tax are given in Income Tax (Trading and Other Income) Act 2005 s284.

record

Written entry which evidences some fact, such as amount of invoices issued or cash paid.

recorded tax

In relation to jobseeker's allowance, this is given a specific meaning in PAYE regulations SI 2003 No 2682 s161(5).

recorder

Judge of a local court.

record-keeping

Basic financial records that must be kept for tax purposes. Guidance for the self-employed is provided by HMRC at <http://www.hmrc.gov.uk/sa/rec-keep-self-emp.htm>.

records

Documents, files, ledgers and other means by which the financial details of an entity are recorded.

recoup

Recover, make good, indemnify, compensate. Originally the term referred to a sum that is held back from a payment.

recoverable

Able to be recovered, particularly an amount of money.

recoverable amount

In current accounting standards, "the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use" (FRS 102 glossary).

Under previous standards, it was defined as "the greater of the net realisable value of an asset and, where appropriate, the **value in use**" (FRS 7 para 2; FRS 10 para 2).

recoverable summarily as a civil debt

This term is used in Taxes Management Act 1970 s65(1)

to describe the procedure for recovering tax of amounts up to £2,000 in the magistrates' court.

recovered debt

Bad debt that is paid after being written off.

Such a recovery is added to the trade income for the period in which it was recovered. Provided that the bad debt was written off properly at the time, no attempt should be made to reverse the write off in a previous accounting period.

The matter is discussed in the Inspectors' Manual at BIM 42730.

For VAT, a recovered debt is added to turnover and output tax if **bad debt relief** has been claimed.

recovery

- (1) In finance, getting back an asset or amount of money.
- (2) In economics, when the situation improves after a period of bad performance.
- (3) In personnel, when a person is returned to normal health and ability to work after a period of illness or similar.

recovery charge

Income tax charge of 55% in relation to pensions.

recovery condition

One of two conditions that a **universal credit** claimant must satisfy to receive a **budgeting advance**. The condition is that the DWP is satisfied that the claimant is able to repay the advance.

The other condition is the **earnings condition**.

recovery of benefit order

Order made under Social Security Administration Act 1992 s101 to recover the cost of providing benefit from the person who should have been paying child maintenance.

The tax treatment is set out in Income Tax Act 2007 s456.

recovery plan

Plan made by a business to recover from adverse trading or financial position.

For financial institutions, the Financial Services Authority has certain powers and duties as set out in Financial Services and Markets Act 2000 s139B.

recovery provisions

Provisions that allow tax relief to be retrospectively denied.

The main recovery provisions are Taxes Management Act 1970 Sch 1AB and Finance Act 1998 Sch 18.

This term is so defined in Capital Allowances Act 2001 s70H(3).

recreant	Old term for a person who yields to pressure in a trial.
recreational benefits	Such benefits provided by an employer may be exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s261.
recreational trust	Trust that provides recreation or other leisure-time activities. Such trusts may be regarded as charitable (Charities Act 2011 s5).
recruiting ground	Any area or equivalent means from which people may be recruited.
recruitment	Process of finding and engaging suitable people to work for an organisation.
rectification	In contract law, when the parties or a court clarifies what the parties meant by a particular expression in a contract. Extrinsic evidence may be used. In inheritance tax, the term is used when the court corrects a faulty deed of variation to give effect to what the beneficiaries intended. This must be supported by adequate evidence. In law, correction of a mistake in a document by the court (Supreme Court Act 1981 s61(1) and Sch 1).
rectification of register	Power to correct the register of companies in respect of any material invalidly entered or which is factually inaccurate (Companies Act 2006 s1095). This may be done under administrative powers or on an order of the court.
rectifier	“May not distill or extract feints or spirits from any other material than spirits on which duty has been duly paid” (Alcoholic Liquor Duties Act 1979 s21). A rectifier is severely restricted on what other trades he may follow

(ibid s24).

rectifier's licence	Licence which is required for compounding or rectifying spirits (Alcoholic Liquor Duties Act 1979 s18).
recto	Right-hand page in an open book. The plural is rectos. The left-hand page is verso.
rector	Term with various uses relating to being a governor. The term is particularly used for certain clergy and head teachers, particularly in Scotland.
recuperation	Period of recovery, particularly after surgery or certain other medical treatments. Provided the recuperation is medically necessary, it may be taken as absence by an employee as sick leave. Statutory sick pay is paid, provided the other conditions are met.
recurrent	Something which happens repeatedly.
recurring decimal	A number or combination of numbers that endlessly repeat after a decimal point, such as one third being 0.33333 etc.
recurring payments	Payments which are made regularly, such as rent or mortgage payments.
recyclate	Valuable elements extracted from recycled waste.
recycle	Use again, such as when rubbish is sorted so that the materials may be reused.
recycle bin	In computing, an area where deleted items are stored, allowing for their retrieval before finally deleting.
recycled pension	<p>When a pension lump sum is used to fund a new private pension scheme.</p> <p>This is possible and legal for members aged between 55 and 74. However, from 6 April 2006, tax relief for the new scheme may be restricted if all five of these conditions are met:</p> <ul style="list-style-type: none">(a) a pension lump sum is received;(b) because of this lump sum, contributions are made to another pension plan which are significantly

larger than would otherwise be the case;

(c) the re-cycling was pre-planned;

(d) the amount of the **pension commencement lump sum** when added to any other such sums taken in the previous 12 months exceed 1% of the current **lifetime allowance**; and

(e) the pension commencement lump sum exceeds 30% of the cumulative amount of additional contributions.

For (b) and (c), HMRC has issued guidelines which basically say these conditions are met if a person departs from their usual pattern of pension funding.

For (d), the lifetime allowance increases each year. Suppose for one year this allowance was £2 million. 1% is £20,000, so if the lump sum is below this figure, these provisions need not be considered.

Condition (e) is best explained with an example. Suppose a man has a second pension fund of £100,000 and receives a lump sum of £120,000 from his first pension fund. He pays this into his second pension fund with £80,000 from other savings. The second pension fund is now worth £300,000. Condition (e) is triggered because the additional contributions of £120,000 exceed 30% of £200,000.

Red Book

Budget book published on the day of The Budget given by the Chancellor of the Exchequer.

It sets out a statement on the national economy, and summarises proposals for tax and other matters announced in the Budget. Between 1999 and 2010, the book had a white cover with red printing.

redbrick

Description of all universities except Oxford and Cambridge.

REDCENT

Accounting Centre for Registered Excise Dealers and Shippers - the accounting centre processes records of all payments of excise duty made under the Registered Excise Dealers and Shippers (REDS) system and holds registration records of all registered traders.

red channel

Customs term for the exit at a port or airport that should be used by a traveller from outside the European Union who:

- has goods or cash that need to be declared to Customs, or
- has commercial goods, or
- where the traveller is not sure whether goods need to be declared.

Redcliffe-Maud Commission Government commission that published a report in 1969 on reform of local authorities, such as by reducing their number and changing the basis of their financing.

reddendo singular singulis Latin: giving each to each. A means of interpreting legal provisions in a will.

reddendum In law, a reserving clause in a lease.

redder Old term for a person who separates quarrelling parties.

red diesel Diesel oil which has been marked with a red dye.
Such diesel attracts a lower rate of **hydrocarbon oil duty** but its use is restricted.

redditus Latin: **rent**.

redeem Give back in return for what was originally provided, such as redeeming goods which have been pawned, or redeeming a preference share for cash.

redeemable Description of an item which may be turned into something else, such as loan note being redeemed for cash, or a preferred share being redeemed for an ordinary share.

redeemable government stock Government stock which may be redeemed for cash at any time. In the UK, only war loan is so redeemable.

redeemable preference share Preference share which the company must buy back at an agreed time for an agreed price.

redeemable security Security which can be redeemed for its face value at a specified date.

redeemable shares Shares that a company may elect to buy back. The conditions are set out in Companies Act 2006 Chapter 3

starting at s684.

redemption

(1) Early payment of a loan. particularly a mortgage.

Redemption sometimes incurs a charge or redemption fee.

(2) Process of buying back redeemable **preference shares**.

redemption amounts

Amount that would be redeemed on a financial policy if the policy holder held the assets for their full term to their redemption date.

redemption date

Date on which a loan or security or other item may be redeemed.

redemptioner

Old term for an immigrant who was obliged to repay his passage money by deduction from wages.

redemption penalty

Fee which may be payable if someone wants to end a financial arrangement early, such as paying off a mortgage before the agreed date.

The fee may be calculated as a certain number of months' interest, or it may be a percentage of the loan.

Some lenders only charge a penalty for a period covered by a special deal. Others may charge a fee for several years afterwards.

redemption value

Value of a security when it is redeemed.

redemption yield

An estimate of the total long term returns, including income and capital, on fixed income investments like corporate bonds and gilts.

redenominate

In relation to shares means to "convert shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency" (Companies Act 2006 s622(1)).

redenomination

Changing the currency or nominal value of an asset or liability.

Companies Act 2006 ss623-628 contains provisions relating to the redenomination of ordinary shares. In particular, a company's share capital may not be reduced by more than 10% (ibid s626(4)).

redenomination reserve	Capital reserve that a company must create when its share capital is reduced by a redenomination of share values (Companies Act 2006 s628).
red eye	American slang for cheap whisky.
re-distillation	Process sometimes applied to wines, feints or spirits . There are no restrictions on a distiller doing this other than to keep appropriate records as set out in Customs notice 39.
redistribution	Collection of funds or goods on one basis for distribution on another basis. The national insurance and social security schemes can be considered as a single redistribution scheme of wealth.
red judge	High Court judge. The term comes from the red robes worn, as against the purple robes worn by junior circuit judges.
red letter day	Important day. Such days were traditionally marked with red characters on a calendar.
red point phone	Telephone in the red channel of a port or airport that may be used by a traveller to the UK to speak to a Customs officer about whether goods or cash need to be declared.
redraft	Revised draft or copy of a document, particularly for a bill of exchange which the holder of a protested bill draws on the drawer or endorsers for the payment of the bill with extra charges and costs.
redress	Any action or payment which is designed to address an abuse or injury.
redress interest	Interest paid on compensation payments. The term was particularly used for compensation payments for missold payment protection insurance premiums.
redress scheme	Term used in NHS Redress Act 2006 s1 with regards to a scheme to avoid civil litigation in complaints against the NHS.

REDS	Registered Excise Dealers and Shippers. These are revenue traders who are approved and registered by HM Revenue & Customs to obtain excise goods commercially from other European Union (EU) countries.
red tape	Bureaucracy, particularly that which interferes with ordinary activities. The term comes from the red ribbon traditionally used for tying legal documents.
reduce	Move to a lower number, amount of quantity. In relation to restrictions on the annual allowance for tax relief on pension contributions, "reduce includes reduce to nil" (Finance Act 2004 s228ZB(6) as inserted by Finance (No 2) Act 2015 Sch 4.
reduced allotment	When an allocation of shares is scaled back because it was oversubscribed.
reduced payment	In an annuity, a payment which is significantly less than an earlier payment under the same annuity. This may make the annuity a steep-reduction annuity , for which there are special tax provisions (Income and Corporation Taxes Act 1988 s437A).
reduced pollution certificate (RPC)	Certificate that a vehicle first registered before 1 October 2001 meets the exhaust emission standard that exempts it from paying the charge for the Low Emission Zone .
reduced rate	Any rate which is below a standard rate. The term is particularly used for: <ul style="list-style-type: none">• the 5% rate of VAT for specific items; and• the rate of national minimum wage for workers aged between 18 and 21. The law on reduced rate is contained in Value Added Tax Act 1994 s29A. The list of categories is in ibid Sch 7A.
reduced-rate acquisition	Acquisition subject to the reduced rate of VAT (Value Added Tax 1994 s88(8)).
reduced rate schedule	Value Added Tax Act 1994 Sch 7A which lists those supplies where VAT is charged at the reduced rate of 5%.

reduced-rate supply Supply subject to the reduced rate of VAT (Value Added Tax 1994 s88(8)).

reducing balance method Method of calculating depreciation where each year's figure is calculated as a percentage of *the previous year's* net balance, as against the more common **straight line method** where each year is calculated as a percentage of the original cost. Under the reducing balance method, an asset never reaches a value of zero.

For example, an asset costing £10,000 and written off over ten years on the straight line method would simply have £1,000 charged to profit and loss account each year and be worth nothing after ten years.

If depreciated on the reducing balance method, the figures are:

Year	Start value	Depreciation	End value
	£	£	£
1	10,000	1,000	9,000
2	9,000	900	8,100
3	8,100	810	7,290
4	7,290	729	6,561
5	6,561	656	5,905
6	5,905	591	5,314
7	5,314	531	4,783
8	4,783	478	4,305
9	4,305	431	3,874
10	3,874	387	3,487

reducing instalment method Another term for the **reducing balance method** of determining depreciation.

reduction Making a figure lower, such as reducing a price.

reduction in company's unappropriated surplus

Term used in Income and Corporation Taxes Act 1988 s444AF in relation to the taxation of an insurance company when there has been a transfer of annuity business.

reduction in rank Punishment in armed forces or police of reducing a person's rank.

reduction of benefit	<p>Loss of all or some social security benefit because of non-compliance by the claimant with a requirement.</p> <p>For universal credit, the provisions for such reduction are set out in Welfare Reform Act 2012 from s26.</p>
reduction of share capital	<p>Reduction in the share capital of a limited company.</p> <p>Under Companies Act 2006 s641(1), this requires:</p> <ul style="list-style-type: none">• a special resolution for a private company limited by shares,• a special resolution and confirmation by a court in all other cases.
redundancy	<p>Dismissal of an employee because their work is no longer needed. There are legal consequences.</p>
redundancy pay	<p>Amount an employer is required to pay an employee who has been made redundant.</p> <p>Statutory redundancy pay is paid at so many weeks' pay according to length of service.</p> <p>For income tax, redundancy pay is always free of income tax (Income Tax (Earnings And Pensions) Act 2003 s309) and national insurance. This applies regardless of whether the redundancy pay is statutory or contractual. However not all payments called redundancy pay will necessarily be so regarded by HMRC.</p> <p>Redundancy pay is not taxable, but must be included to see if the £30,000 limit for termination payments has been reached.</p> <p>Generally normal redundancy payments are tax deductible from the employer's profits. There are some exceptions are discussed in the Inspectors' Manual at BIM38385.</p>
redundancy payments	<p>Amounts paid by an employer as redundancy pay. It is generally deductible from taxable profits (Corporation Tax Act 2009 s76 and Income Tax (Trading and Other Income) Act 2005 s76).</p>
redundancy protection insurance	<p>Insurance that continues to meet mortgage payments, usually for a limited period, if you are made redundant.</p>

redundancy rebate	Payment made to a business as compensation for the redundancy pay paid by the business.
REE	In relation to residence nil rate band for inheritance tax, the residential enhancement of a property as defined in Inheritance Tax Act 1984 s8M(6) as inserted by Finance (No 2) Act 2015 s9.
re-engagement order	An order made by an employment tribunal or other body requiring an employer to re-engage an unfairly dismissed employee on equivalent terms. An employer cannot be forced to comply with the order, but will have to pay compensation if he or she does not.
re-entry	Repossession by a landlord of land held under a lease when the landlord exercises his power of forfeiture.
re-examination	Court procedure of a witness being questioned a second time by the said that called him or her to give evidence.
reference	In employment law, a statement by a previous employer concerning a job applicant.
re-export	Export of goods that have been imported.
reference period	<p><i>Statutory residence</i></p> <p>Term given a specific meaning for the statutory residence test.</p> <p>It means the number 365 (or 366 for a leap year) from which is deducted the number of disregarded days, days of gaps between employment, and some other days.</p> <p>The reference period is used in the third automatic overseas residence test.</p> <p><i>Oil and gas companies</i></p> <p>This term is given a specific meaning in Corporation Tax Act 2010 from s332G.</p>
reference price	In options, the price at which an option may be exercised.
referendum condition	Provision in European Union Act 2011 s2(2) that any change to a European Treaty must be the subject of a referendum if it comes with the scope set out in <i>ibid</i> s4.

referential bid	<p>Bid that refers to amounts in other bids. Such a bid is invalid.</p> <p>In the case <i>Harvela Investments Ltd v Royal Trust Co of Canada Ltd [1985]</i> a bidder offered “2,100,000 dollars or 100,000 dollars in excess of any other offer”. The House of Lords pointed out that if two or more bidders had made referential bids, it would be impossible to accept either.</p>
referential settlement	<p>Settlement that incorporates terms of a reference from a previous settlement.</p>
referral of vision impairment (RVI)	<p>Referral from an eye hospital or clinic to an ophthalmologist. It can be an early stage in a person being registered as blind.</p>
refinery	<p>Premises approved by the Commissioners for the treatment of oil (Hydrocarbon Oil Duties Act s27).</p> <p>There are also special provisions for oil used in refineries (Hydrocarbon Oil Duties Act 1979 s19A).</p>
reformado	<p>Dismissed soldier, soldier whose company has been disbanded, or a soldier who is without a position for any other reason.</p>
Reform Treaty	<p>Original name of the Lisbon Treaty.</p>
refresher	<p>Fee paid to a barrister for attending a court hearing. It is additional to the fee originally marked on the brief.</p>
refreshing memory	<p>In law, rule of evidence which states that a witness may refresh his memory by referring to a written note which either he prepared or which someone else has prepared and he has adopted as his own. An example is when a policeman consults his notebook or a committee member consults the minutes.</p>
refrigeration	<p>For VAT, a supply of refrigeration is treated as a supply of goods (Value Added Tax Act 1994 Sch 4 para 3). As such, supplies for residential use are generally reduced-rated under <i>ibid</i> Sch 7A Group 1, but standard-rated for other supplies. Details are given in VAT notice 701/19.</p>

- refrigeration equipment** For VAT on **charity funded equipment**, “includes all cooling and freezing equipment, whether designed for industrial, domestic or any other purpose” (VAT notice 701/6).
- refrigerator**
- Customs*
The importation may require a European Commission Licence if the product contains an environmentally harmful substance. Customs clearance for importation requires such a licence.
- Capital allowance*
This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
- refund** Give back money.
- Refund Directive** EC Directive 2008/9 that deals with refunds of VAT by one EU member state to another according to place of supply rules.
- Refund of excess contributions lump sum**
A lump sum benefit paid to a member of a registered pension scheme because they have contributed more to the scheme than they are entitled to tax relief on, and which meets the conditions of paragraph 6, Schedule 29 to the Finance Act 2004.
- regency** Arrangement by which the functions of a sovereign may be discharged by a regency if the sovereign is under eighteen or suffers total incapacity.
The current law is Regency Act 1937 as amended by Regency Act 1943. These Acts also contain some other limited powers of delegation.
- Regina** The Queen. The word is sometimes used in criminal law citations, denoting that the prosecution is in the name of the monarch.
- Regional Development Agency (RDA)**
Non-departmental public body that promotes the

economy in the nine regions of England. There are equivalent bodies for other parts of the UK. It is planned to abolish RDAs in 2012.

regional development grant (RDG)

Grant that could be made under Industrial Development Act 1982 until 31 March 1988.

The accounting treatment depends on the purpose of the grant. If for a piece of capital equipment, the grant may reduce the capital cost. In general, the tax treatment follows the accounting treatment unless specific legislation states otherwise.

From 26 March 1980, interest relief grants and financial assistance grants made under sections 7 and 8 of the Act were made subject to tax.

Provisions for the oil industry are given in Corporation Tax Act 2010 ss289-290.

Regional Growth Fund

A fund introduced by the coalition government in 2010.

“It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment. It aims particularly to help those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity” (BIS website).

regional organised crime unit (ROCU)

Local branch of the **National Crime Agency**.

regional secondary contributions holiday for new businesses

Term used in National Insurance Contributions Act 2011 s4 for the **national insurance holiday** introduced in 2010 for new businesses in defined regions.

register

Record or official list. Company law requires companies to keep registers of directors and shareholders, among others. There are also publicly kept registers such as of VAT-registered business, land ownership etc.

register alert

In computing, a system whereby a person or organisation automatically sends out alerts when there is a development in which the recipient has registered an interest.

register books	In canon law, the books that record baptisms, burials, weddings and confirmations. For the Church of England, the law is contained in Canon F11.
registered auditor	Accountant who is allowed to audit accounts.
registered cheque	Cheque issued by a bank on its own account for the benefit of a customer who does not have a bank account.
registered company	Company which has been registered at Companies House.
registered design	Design registered at the Designs Registry and which gives monopoly rights over that design.
Registered Export Scheme (REX)	For Customs purposes, new scheme for exporters planned for introduction in January 2017 (Customs notice 830).
registered factory	For tobacco duty, place at which tobacco products are manufactured. Factory premises must be registered under regulation 4 of The Tobacco Products Regulations 2001.
registered friendly society	Body whose tax provisions are set out in Income and Corporation Taxes Act 1988 s460-466.
registered items service	“Means a service of conveying postal packets from one place to another by post which provides — (a) for the registration of the packets in connection with their conveyance by post, and (b) for the payment of an amount determined by the person providing the service in the event of the theft or loss of or damage to the packets” (Postal Services Act 2011 s32(4)).
registered land	Land that is registered under Land Registration Acts 1925 to 1986.
registered medical practitioner	“Means a fully registered person within the meaning of the Medical Act 1983 who holds a licence to practise under that Act” (Interpretation Act 1978 Sch 1).

registered number	Company's registered number.
registered office	Address to which all communications of a company must be sent. Every company must have such an address (Companies Act 2006 s86).
registered office clause	Clause in the memorandum of association of a company, stating where its registered office is to be in England, Scotland or elsewhere.
registered owner	A person who has been authorised and registered by HM Revenue & Customs to deposit their duty-suspended goods in an excise warehouse.
registered pension scheme	<p>Pension scheme which has either been registered by the HMRC (or its predecessor body Inland Revenue), or by acquiring registered status through being an approved pension scheme on 5 April 2006. It is registered under Chapter 2 of Part 4 of the Finance Act 2004.</p> <p>From 6 April 2007, a pension scheme is approved by the Financial Services Authority under Financial Services and Markets Act 2000. There is no change in the consequence of registration.</p> <p>The tax advantages of a registered scheme are set out in the Inspectors' Manual at RPSM02103010 thus:</p> <ul style="list-style-type: none">• contribution by members are tax-relieved to the higher of £3,600 and 10% of earnings (subject to lifetime allowance and annual allowance),• for defined benefit schemes, increases in benefits are within the annual allowance,• employers may make contributions,• investment income earned by the fund is free of income tax,• investment gains are free of capital gains tax,• lump sum benefits are free of tax up to a limit,• some life assurance may be provided as a tax-free benefit. <p>Before 1997, there was also the significant tax advantage that a pension fund could reclaim tax on dividends received.</p>
registered person	An individual or other legal body that is registered for a particular purpose, particularly an individual, firm or

company that is registered for VAT under the terms of the Value Added Tax Act 1994.

registered security

Security, such as a share or debenture, which a company has registered at Companies House.

registered social landlord (RSL)

Housing association or other not-for-profit body that provides social housing for people in need. Any profits earned are ploughed back into providing further housing or improving existing stock. They are regulated by Housing and Regeneration Act 2008.

From 1 January 2000, short-term tenancy agreements made by RSLs may be exempt from stamp duty.

registered society

Friendly society that is mutual and not incorporated (Taxation of Capital Gains Act 1992 s217A).

registered sports club

A club so registered under Corporation Tax Act 2010 Part 13 Chapter 9.

Such a club cannot be a registered charity (Charities Act 2011 s6).

registered store

For tobacco goods, premises registered under regulation 5 of The Tobacco Products Regulations 2001 for the safe storage of tobacco products without payment of duty.

registered trade mark symbol

The symbol shown below which may be placed by a word indicating that it is a trade name and not an ordinary English word.



Many trade marks have become household words. Examples include biro, fibreglass, Hoover, and Rolls-Royce. Care must always be exercised when using a trade name even in ordinary usage.

register of approved persons	Register kept by HMRC from 2015 of alcohol wholesales (Alcoholic Liquor Duties Act 1979 s88D).
register of charges	Register kept at Companies House of all charges reported by companies (Companies Act 2006 s869). In addition, every company must keep its own register (ibid s876).
register of common land	Register which must be kept under Commons Act 2006 s1(a).
register of companies	List of companies kept by Companies House.
register of directors	List of directors which every company is obliged to keep (Companies Act 2006 s162(1)).
register of interests	Record that a public company must keep of all information received by it in relation to interests in its shares other than ownership (Companies Act 2006 s808).
register of judgments and orders etc	Register required under Courts Act 2003 s98 to be kept of all judgments from the High Court and county courts.
register of members	List of shareholders or guarantors which a limited company must keep under Companies Act 2006 ss113-121. If there are more than 50 members, the company must also keep an index of members (ibid s115).
register of occupational and personal pension schemes	Register compiled and maintained by the Pensions Regulator under Pensions Act 2004 s59.
register of prohibited trustees	Register kept by the Pensions Regulator under Pensions Act 2004 s66 of persons who are prohibited from being pension fund trustees.
Register Plus	Former name for the European Patent Register .
registrable	Liable to be registered. For VAT, the term is defined in Value Added Tax 1994 Sch 1 para 18.

registrant	In USA, a company applying to be registered with the Securities and Exchange Commission.
registrant discount	Discount on shares that may be offered to subscribers in a share issue. If offered to employees, the position is explained in Income Tax (Earnings And Pensions) Act 2003 s547.
registrar	Person who keeps official records and registers. For companies, this includes the person who administers the register of shareholders.
Registrar of Companies	An official authorised by the government to maintain a record of all annual reports and other documents issued by a company. The position is currently exists under Companies Act 2006 s1060.
registration	Act of registering, getting included on an official list.
registration as citizen	Process by which a person may formally acquire British citizenship. This may be cited as evidence of domicile .
registration certificate	Document which shows that something has been registered, particularly document V5 which shows that a vehicle has been registered to a particular keeper.
registration fee	Charge made to cover the cost of registering for something, such as being entered on an official register or to book a place at a conference.
registration limit	Figure of annual turnover above which an organisation must register for VAT.
registration mark	Legal term for a number plate on a car.
registration number	Unique number issued to a person who has registered for something. It also refers to the combination of letters and numbers shown on a motor vehicle's number plate.
registration of birth	Registration of the birth under Births and Deaths Registration Act 1963. The baby's name, sex, date of birth and names of parents must be registered within 42 days.

Copies of the entry may be obtained as a **birth certificate**.

registration of death

Registration of the **death** under Births and Deaths Registration Act 1963.

The registration must give the name, sex, address and occupation of the deceased. It must state the place and cause of death. Registration should usually be made within five days. A copy of the entry may be obtained as a **death certificate**.

registration of enforcement of security

Register kept at Companies House of all appointments of a receiver or manager of a company (Companies Act 2006 s871).

registration of marriage

Registration of a **marriage**.

Every **marriage** in the UK must be registered. For marriages in England this is governed by Marriage Act 1949 ss53-67. The registration must be either by a Church of England churchman or by a registrar.

registration statement

Document which gives information about a registration, particularly the document issued by Companies House to a newly registered company.

registration threshold

For VAT, the amount of annual turnover above which a business must register. The amount is reviewed each year in the Budget. A business must register if its turnover has exceeded the threshold in the previous 12 months or if it reasonably believes it will be exceeded in the next 30 days.

Registry Trust

Where insolvencies are recorded.

regium donum

Latin: royal gift, particularly the annual grant paid by the monarch to Presbyterian ministers in Ulster at various times between 1670 and 1871.

Regius professor

At Oxford and Cambridge Universities, a person who holds a professorship established by Henry VIII, and some subsequent foundations.

At some Scottish universities, a professorship established by the Crown.

regnal year	Year of a monarch's reign. This was the traditional method for dating Acts of Parliament.
regrating	Buying corn or other produce in a market and then selling it as a means of increasing its price.
regressive tax	<p>Tax that takes a smaller proportion of a income as income rises. In other words it is a tax that hits less well-off people harder than the better-off.</p> <p>An example of a regressive tax is the television licence. It is exactly the same amount for everyone, which makes it a much smaller proportion of a large income than a small one.</p>
Regulae Generales	Latin: General Rules, particularly of the Supreme Court.
regular	Happening at fixed intervals, such as once a week. The term should not be used to mean "frequent".
regular cost	In pension valuation, consistent on-going cost recognised under the actuarial method (SSAP 24).
regular forces	"The Royal Navy, the Royal Marines, the regular army or the Royal Air Force" (Armed Forces Act 2006 s374).
regular income	Income received at fixed intervals, such as wages, royalties, dividends etc.
Regular Reserve	Name given to what was the Army Reserve. The name change is effected by Defence Reform Act 2014 s44(1).
regulate	Provide a measure of control by requiring compliance with rules and, often, by the need to have a licence.
regulated activity	<p>Finance</p> <p>Activities that are regulated by Financial Services and Markets Act 2000 s22.</p> <p>The same definition is extended to company law by Companies Act 2006 s1173(1).</p> <p>Human resources</p> <p>Activity whose nature can mean that a relationship of trust can develop between a person and either a child or vulnerable adult. There are special regulatory provisions</p>

for people engaged in such activity (Safeguarding Vulnerable Groups Act 2006). Other activity between such persons is called a **controlled activity**.

regulated agreement Consumer agreement with the scope of Consumer Credit Acts and which is not specifically exempted by them.

regulated consumer credit agreement Agreement which is regulated by provisions of Consumer Credit Act 1974.

regulated insurer Term used in relation to the bank levy, for which purposes it is defined in Finance Act 2011 Sch 19 para 13(4)).

regulated market Term used in EC directive 2004/39/EC article 4.1(14). It is quoted in Corporation Tax Act 2010 s1158 in relation to **investment trusts**.
The same definition is extended to company law by Companies Act 2006 s1173(1), except where the EEA state has not implement the Directive. In such case, the term "has the same meaning as it has in Council Directive 93/22/EEC on investment services in the securities field" (Companies Act 2006 s1173(2)).

regulated mortgage Legal mortgage that usually predates 8 December 1965 and is subject to a regulated tenancy binding on the mortgagee.

regulated payment Payment from the Social Fund to meet one of four specific categories of need.

regulated work Work for which an employee needs a certificate from the **Disclosure and Barring Service**. Generally fees paid or reimbursed by an employer do not comprise a taxable benefit in kind.

Regulated work is work with children or vulnerable adults, such as working in a school or care home, or holding a particular position in such an organisation.

Regulations In accounting standards, "the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

regulations	Rules designed to provide a measure of control or protection in a particular area.
Regulation S-X	Rule of the US Securities and Exchange Commission which regulates the contents of annual reports from companies.
regulator	Official whose job is to enforce regulations.
regulatory body	Organisation whose task is to oversee operations in a defined area.
regulatory powers	Powers given to a regulatory body to enforce compliance with regulations in a particular area.
regulatory provision	In relation to the business impact target , this term is defined in Small Business, Enterprise and Employment Act 2015 s22(3).
Regulatory Reform Order	Common name for the Statutory Instrument whose full title is The Regulatory Reform (Collaboration etc between Ombudsmen) Order SI 2007 No 1889. It allows ombudsmen to work together on a case which comes within different jurisdictions, if the complainant agrees.
regulus	Impure metal produced during smelting.
rehabilitation	Process to allow people who have served sentences to resume normal life in society.
rehearing	Second hearing of a case on which a court has already pronounced. An example is an appeal.
Rehoboam	Champagne bottle with a capacity of six standard bottles.
reimburse	Pay back money to someone who has incurred an expense for someone else.
reimbursement	Money given to someone who has incurred an expense on someone else's behalf. The tax implications of reimbursement of employees' expenses is set out in Income Tax (Earnings And Pensions) Act 2003 s334.

- reimbursement arrangements** Arrangements to reimburse customers amount of overcharged VAT (Value Added Tax 1994 s80A(2)).
- reimbursement payment** In relation to corporation tax on oil companies' decommissioning, "means any payment made to the contributing company by the defaulter in reimbursing the contributing company in respect of, or otherwise making good to the contributing company, the whole or any part of the relevant contribution" (Corporation Tax Act 2010 s298A(10)).
- reimbursement scheme** Scheme used to refund customers any money they may have overpaid such as VAT.
- re infecta** Latin: without finishing the business.
- reinflation** In economics, inflation that generates further inflation rather than stimulating the economy.
- reinforcement ring** Adhesive ring of paper which can be attached round punched holes to avoid them tearing.
- reinstatement order** Order made by an employment tribunal or other body requiring an employer to give an employee back the job from which he or she was unfairly dismissed. For all purposes, the employee is then regarded as if he or she had never been dismissed but had enjoyed continuous employment. An employer cannot be forced to comply with such an order, but faces a claim for compensation if he or she does not.
- reinsurance** The practice whereby one insurer transfers part or all of the risk it has accepted to another insurer (the reinsurer).
The term "includes retrocession" (Income and Corporation Taxes Act 1988 s431(2)).
- reinsurance contract** In accounting, "an insurance contract issued by one issuer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant" (FRS 102 glossary).
- reinsurance treaty** In relation to taxation of annuity business "means a contract under which one insurance company is obliged to cede, and another (in this paragraph referred to as a

“reinsurer”) to accept, the whole or part of a risk of a class or description to which the contract relates” (Finance Act 1991 Sch7 para 16(7)).

reinsurer	Insurance company that accepts a risk under a reinsurance treaty .
reinvest	Invest the proceeds from another investment.
reinvestment	Investing the proceeds realised from a previous investment.
REIT	Real estate investment trust.
rejected import	Goods that an importer rejects after Customs duty and any VAT has been paid. The procedure is largely based on the credit note received from the supplier.
rejection of offer	Refusal by an offeree to accept an offer. This has the effect of preventing a contract being created. Once an offer is rejected, the offeree cannot subsequently accept.
rejoinder	Pleading served by a defendant in answer to a claimant's (or plaintiff's) reply. A rejoinder usually requires the consent of the court to be accepted as evidence.
related 51% group company	In relation to corporation tax on oil companies, this term is defined in Corporation Tax Act 2010 s279F.
related arrangement	Any form of agreement which is subsidiary to another. In company law, the term is used to describe such a relationship to a credit transaction between a company and one of its directors. Such an arrangement may require members' approval under Companies Act 2006 s203.
related base unit	In relation to the reduced rate of VAT for a child's safety seat , means “a base unit which is designed solely for the purpose of attaching a safety seat securely in a road vehicle by means of anchorages that form part of the base unit and which, when in use on a road vehicle, can be restrained in one or more of the following ways — (a) by a seat belt fitted in the vehicle, or (b) by permanent anchorage points in the vehicle,

or

(c) by belts attached to permanent anchorage points in the vehicle”

(Value Added Tax 1994 Sch 7A Group 5 para 2A as inserted by SI 2009 N 1359 from 1 July 2009.)

related company

Company in which another company has an interest, usually by holding shares.

related employments

Two or more employments that are treated as being one employment for determining whether a person is in **lower-paid employment**. The provisions are set out in Income Tax (Earnings And Pensions) Act 2003 s220.

related parties

For the purposes of **related party disclosure**, means where either one party controls or influences another, or where they are both under control. This is set out in detail in FRS 8 para 2.5.

related party

Person or business with which another person or business has a family or business connection.

FRS 102 glossary provides a detailed summary, which includes two entities where one owns the other, or where both are owned by the same person or people.

related party transaction

Financial transaction between two connected bodies, particularly between a person and a body of which that person is a director or holder of a similar position.

The definition in the current accounting standard is “a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged” (FRS 102 glossary).

A definition in previous accounting standards is “the transfer of assets or liabilities or the performance of services by, to or for a **related party** irrespective of whether a price is charged” (FRS 8 para 2.6).

related person

For residence nil rate band for inheritance tax, this is given a specific meaning in Inheritance Tax Act 1984 s8G as inserted by Finance (No 2) Act 2015 s9.

related property

For inheritance tax, “related property is property that is in the estate of a spouse or civil partner, or belonging to a charity of one of the political, national or public bodies to

which exempt transfers may be made. There are special rules for valuing related property" (HMRC inheritance tax glossary).

related settlements

Where a **settlor** sets up a trust, any other trusts set up on the same day.

"For the purposes of this Chapter two settlements are related if and only if —

(a) the settlor is the same in each case, and

(b) they commenced on the same day"

(Inheritance Tax Act 1984 s62(1)). The rest of the section qualifies this definition.

related supplies

For VAT, supplies that in truth are part of a single supply. Related supplies may be treated as a single supply in relation to **anti-forestalling provisions** for a future increase in VAT.

related third party

With regard to form P11D for PAYE, "means a person making payments or providing benefits to an employee, if the making or provision of the payments or benefits by that person has been arranged, guaranteed or in any way facilitated by the employer" (PAYE regulations SI 2003 No 2682 s86(4)).

related wheeled framework

In relation to the reduced rate of VAT for child **safety seats**, this term is defined in Value Added Tax 1994 Sch 7A Group 5 para 3.

relate to the same debts

In relation to HMRC's power to seize funds in a taxpayer's bank account without court approval, this term is given a specific meaning in Finance (No 2) Act 2015 Sch 8 para 4(5).

relationship breakdown

Divorce, separation or other event that causes two people to stop living together, whether married or not.

Where the arrangements following such breakdown include the creation of a **fixed interest trust**, it may be taxed under the more generous rules that applied before 22 March 2006.

relative

Person to whom someone is related.

Many tax and other provisions have specific provisions regarding "relatives", the exact scope of which

depends on the context.

The narrowest context comprises "ancestor, lineal descendant, brother or sister" (Income Tax (Earnings And Pensions) Act 2003 s61(6) and Taxation of Capital Gains Act 1992 s286).

In other contexts, relatives are more inclusive. For example, Inheritance Tax Act 1984 s270 adds uncles, aunts, nieces and nephews.

relative bargaining power

The extent to which two parties to an agreement have equal power over the other.

For an arm's length contract, it is assumed that the power is approximately equal. Employment law and consumer law gives statutory rights to employees and consumers to address perceived inequality in bargaining power.

Relative bargaining power was considered in the **Autoclenz** decision in determining whether a worker was an employee for tax purposes.

relative error

Difference between an estimate and the actual figure.

release

(1) Setting a person or business free from an obligation or restriction.

(2) Issue of a computer program. Such releases are often indicated by two numbers such as Program 3.7, where the 3 indicates that this is the third major version of the program, while the 7 indicates that the original (Program 3.1) has now been tweaked six times to make minor improvements or corrections.

released debt

Debt that is discharged by a **composition** between the debtor and creditor. An example is where the creditor accepts a lower sum to secure a payment in circumstances where otherwise nothing would be received.

The amount discharged is usually a tax-deductible expense for the creditor on the same basis as a **bad debt**.

For the creditor, the amount released is regarded as trading income, except when (from 30 November 1993) it is part of certain formal arrangements under insolvency law.

The matter is discussed in the Inspectors' Manual at

BIM 42740.

release debt

“In relation to a company, means a debit in respect of a release by the company of a liability under a creditor relationship of the company” (Corporation Tax Act 2009 s476(1)).

release for free circulation (RFC)

The commonest (by far) **Customs procedure** when goods are presented to Customs on importation.

RFC means that the goods may be freely used in the UK by the importer having paid the appropriate Customs duties.

release note

A computer printout, or manual equivalent, for a consignment of goods which has been given Customs release.

release of goods

Term used when Customs allow an importer free access to imported goods having ensured that this is the appropriate **Customs procedure** and that all relevant duties have been paid.

release

Allow the removal of goods or a person.

Release of goods to a Customs procedure either at the Frontier using the Simplified Declaration Procedure (SDP) or entry in the records using the Local Clearance Procedure (LCP). Under NES 'Permission to Progress' allows release.

relevance

One of the four requirements for **accounting information**.

Statement of Principles states “information is relevant if it has the ability to influence the economic decisions of users and is provided in time to influences those decisions” (Chapter 3).

It can be seen that **materiality** is an implied condition.

Two characteristics of relevance are **predictive value** and **confirmatory value**.

FRS 102 includes this as a **qualitative characteristic** of information in financial statements.

Its definition there is “the information provided in financial statements must be relevant to the decision-

making needs of users, Information has the quality of relevance when it is capable of influencing the economic decisions of users by helping them evaluate past, present of future events or confirming, or correcting, their past evaluations" (FRS 102 section 2.5).

relevant 2010 date

For child trust funds, means 2 August 2010 (Child Trust Funds Regulations SI 2004 No 1450 reg 7(10E). The date could have been later if other regulations has been delayed in commencement, but they were not.

relevant abandonment programme

For corporation tax on oil companies, "means the **abandonment programme** in respect of which the **decommissioning expenditure** mentioned in subsection (1)(a) was incurred" (Corporation Tax Act 2010 s298A(10)).

relevant accounting change

"Means a change in the way in which a company is permitted or required for accounting purposes, to recognise amounts which —
(a) are brought into account by the company as credits or debits for any period for the purposes of this Part, or
(b) would be so brought into account but for any provisions made by or under this Part" (Corporation Tax Act 2009 s465A(3)).

relevant administrator

For a retirement benefits scheme, former approved superannuation fund or relevant statutory scheme as defined in section 611A Income and Corporation Taxes Act 1988 (ICorporation Tax Act), or a pension scheme treated by HMRC as a relevant statutory scheme, this is the person(s) who is/are the administrator of the pension scheme under section 611A of ICorporation Tax Act.

For a deferred annuity contract where the benefits are provided under one of the types of scheme above, or a retirement annuity, this is the trustee(s) of the pension scheme, or the insurance company which is a party to the contract in which the pension scheme is comprised.

For a Parliamentary pension scheme or fund, this is the trustees of the scheme or fund.

For a personal pension scheme, this is the person who is referred to in section 638(1) of the Income and

Corporation Taxes Act 1988).

- relevant alternative provision** Term used in relation to diverted profits tax, and which is defined in Finance Act 2015 s88(7).
- relevant annuity** For the purposes of Part 4 of the Finance Act 2004 (pension schemes etc) a “relevant annuity” is a single life annuity without a guaranteed term.
- relevant assets threshold** Term used in Charities Act 2011 s176 in relation to annual reports from charities.
- relevant audit information** “Information needed by the company’s auditor in connection with preparing his report” (Companies Act 2006 s418(3)).
If the company is audited, the directors’ report must include a statement that the auditors have received all relevant audit information.
- relevant benefits** Benefits which derive from the financial instrument or provision under discussion.
- relevant CFC charge advantage** Term used in Corporation Tax Act 2010 s730G(5A).
- relevant chargeable event** In relation to entrepreneurs' relief, “means a chargeable event under —
(a) paragraph 3(1) of Schedule 5B, or
(b) paragraph 3(1) of Schedule 5C,
which occurs on or after 6 April 2008 in relation to any of the relevant shares held by the investor immediately before the first relevant chargeable event” (Finance Act 2008 Sch 3 para 8(2)).
- relevant consolidated contribution** A contribution made by way of discharge of any liability incurred by the employer before 6 April 2006 to pay any pension or lump sum to or in respect of the individual.
- relevant contingent contract** In relation to **exchange gains and losses**, the term is defined in Corporation Tax Act 2009 s328G and s606G.

relevant costs	In management accounting, future costs that will be affected by a decision.
relevant cut-off	Term used in Capital Allowances Act 2001 Part 2 in relation to when provisions for short-life assets apply (Finance Act 2011 s12(2)).
relevant discounted security (RDS)	This term is defined in Finance Act 1996 Sch 13.
relevant disregarded income	In relation to income of non-residents, this term is defined in Income Tax Act 2007 s821.
relevant earnings amount (REA)	Term used in the rules for childcare vouchers . It is the estimated earnings of an employee for a future year to determine the maximum amount of such vouchers that may be provided tax-free.
relevant event	Change in details about a company which must be reported in a confirmation statement (Companies Act 2006 s853B).
relevant excluded contract	In relation to life insurance contracts, the term is defined in Corporation Tax Act 2009 s561(2).
relevant failure	Term used in relation to controlled foreign companies (Income and Corporation Taxes Act 1988 s751AB(2)).
relevant field threshold	In relation to the oil and gas industry, this term is defined in Corporation Tax Act 2010 s332DA(4).
relevant first commercial sale	In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A(6) as inserted by Finance (No 2) Act Sch 5. For venture capital trusts, the term is defined in Income Tax Act 2007 s280C(7) as inserted by Finance (No 2) Act Sch 6.
relevant flexible remuneration arrangements	In relation to salary sacrifice and childcare vouchers, "means arrangements (whenever made) under which the employees for whom the vouchers are provided agree with the employer that they are to be provided with

vouchers rather than receive some other description of employment income” (Income Tax (Earnings And Pensions) Act 2003 s270A(5A)).

In relation to reduction in annual allowance for pension contributions, the term is defined in Finance Act 2004 s228ZA(5) as inserted by Finance (No 2) Act 2015 Sch 4 para 10(6).

relevant floor area

In relation to the size of a shop and Sunday working, the term “means the internal floor area of so much of the **large shop** in question as consists of or is comprised in a building” (Employment Rights Act 1996 s43ZB(3)).

relevant foreign income

Income of a person who is neither domiciled nor ordinarily resident in the UK that may be taxed on the **remittance basis** (Income Tax (Trading And Other Income) Act 2005 from s841).

The term is further defined in the Inspectors' Manual at SAIM 1130.

relevant foreign offence

In relation to company directors, an offence committed overseas for which the director may be disqualified (Company Directors Disqualification Act 1986 s5A as inserted by Small Business, Enterprise and Employment Act 2015 s104).

relevant foreign tax

For HMRC data-gathering powers, “means —

(a) a tax of a member State, other than the United Kingdom, which is covered by the provisions for the exchange of information under the Directive of the Council of the European Communities No 77/799/EEC (as amended from time to time), and

(b) any tax or duty which is imposed under the law of a territory in relation to which arrangements having effect by virtue of section 173 of FA 2006 (international tax enforcement arrangements) have been made and which is covered by the arrangements” (Finance Act 2011 Sch 23 para 45(4)).

relevant goods

Excise goods on which the duty has not been paid (excluding hydrocarbon oils).

relevant grace period In relation to the remittance basis, the term is referred to in Income Tax Act 2007 s809VG(4) and defined in s809VJ.

relevant group payment arrangements In relation to corporation tax surcharge on banks, this term is defined in Taxation (International and Other Provisions) Act 2010 s371UBA(4).

relevant HE qualification In relation to venture capital trusts and **knowledge-intensive companys**, this term is defined in Income Tax Act 2007 s311A(10) as inserted by Finance (No 2) Act 2015 Sch 6.

relevant hedging scheme In terms of **index-linked gilt-edged securities**, a term defined in Corporation Tax Act 2009 s410A(6).

relevant housing provider “Means a body which is a non-profit registered provider of social housing or which is entered on the register maintained under Housing Act 1996 s1 [or equivalent Scottish and Northern Irish law]” (Income Tax Act 2007 s555(3)).
Such a provider is outside the scope of the rules for **substantial donors** to charities.

relevant imported investment In relation to venture capital trusts, this term is defined in Income Tax Act 2007 s280B(3D) as inserted by Finance (No 2) Act Sch 6.

relevant inaccuracy In terms of penalties, means “an inaccuracy which amounts to, or leads to —
(a) an understatement of a liability to tax,
(b) a false or inflated statement of a loss, or
(c) a false or inflated claim to repayment of tax.”
(Finance Act 2007 Sch 24 para 1A(1)).

relevant income threshold Term used in Charities Act 2011 s176 with regard to annual reports by charities.

relevant intellectual property income (RIPI)
Term used in connection with the **patent box**.
The term relates to the amount of income that derives from qualifying patents.

- relevant low-paid workers** In relation to salary sacrifice, childcare workers and the national minimum wage, “means any of the employer’s employees who are remunerated by the employer at a rate such that, if the **relevant salary sacrifice arrangements** or **relevant flexible remuneration arrangements** applied to them, the rate at which they would then be so remunerated would be likely to be lower than the national minimum wage” (Income Tax (Earnings And Pensions) Act 2003 s270A(5A)).
- relevant life policy** In relation to employee pensions, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s393B(4).
- relevant mutual** Term used in relation to certain bodies in connection with the postal services (Postal Services Act 2011 s7).
- relevant non-banking group** Term used for the bank levy (Finance Act 2011 Sch 19 para 11).
- relevant non-lending relationship** Term used in relation to **loan relationship**, and defined in Corporation Tax Act 2009 from s478.
- relevant Northern Ireland IP profits** In relation to corporation tax on patent income in Northern Ireland, the term is defined in Corporation Tax Act 2010 from s357VB.
- relevant overseas individual** An individual who either does not qualify for UK relief on contributions paid to a registered pension scheme because they are not a “relevant UK individual” as defined in section 178 Finance Act 2004, or an individual who is not employed by a UK resident employer and only qualifies for UK relief on pension contributions because they were resident in the UK both during 5 years immediately before the tax year under consideration and when they became a member of the registered pension scheme.
- relevant PAYE debt** Debt for which a director can become personally liable. The term is defined in PAYE regulations SI 2003 No 2682 reg 97ZA.

relevant payments	<p>Term used for PAYE broadly to mean amounts subject to the PAYE system.</p> <p>A full definition is given in PAYE Regulations SI 2003 No 2682 reg 4.</p>
relevant planning obligation	<p>In relation to waste disposal sites, this term is defined in Income Tax (Trading and Other Income) Act 2005 s168(6).</p>
relevant prior gift	<p>An associated benefit previously made to a donor under Gift Aid (Income Tax Act 2007 s418(4)). The tax relief for a donation could be restricted if the value of an associated benefit and relevant prior gift exceed £500.</p>
relevant project threshold	<p>In relation to gas and oil companies, the term is defined in Corporation Tax Act 2010 s332DB(4).</p>
relevant property regime	<p>Regime of inheritance tax rules for trusts. Before 22 March 2006, this was known as the discretionary trust regime.</p> <p>Broadly a trust that comes within the regime is subject to ten-yearly charges and an exit charge. Also, the settlement can be a lifetime disposition for inheritance tax if sufficiently large.</p> <p>Privileged trusts are outside the regime.</p>
relevant property trust	<p>Trust within the scope of the relevant property regime.</p>
relevant qualifying activity requirement	<p>Term used in Income Tax Act 2007 s294 in relation to VCT relief.</p> <p>The requirement is broadly that the company in which funds are invested must not engage in a trade which is excluded.</p>
relevant restriction provision	<p>In relation to the sale of occupation income, this term is given a specific meaning in Income Tax Act 2007 s794(5).</p>
relevant revenue	<p>In management accounting, a revenue that will be affected by a decision.</p>
relevant Revenue trader	<p>An authorised warehousekeeper, registered owner or duty representative.</p>

- relevant right to vote** Term used in Companies Act 2006 s374 with regards to the extent to which members have sufficient voting strength to call meetings of the company and to submit statements.
- relevant salary sacrifice arrangements**
In relation to childcare vouchers “means arrangements (whenever made) under which the employees for whom the vouchers are provided give up the right to receive an amount of general earnings or specific employment income in return for the provision of the vouchers” (Income Tax (Earnings And Pensions) Act 2003 s270A(5A)).
In relation to reduction in annual allowance for pension contributions, this term is defined in Finance Act 2004 s228ZA(5) as inserted by Finance (No 2) Act 2015 Sch 4 para 10(6).
- relevant sum** Amount which HMRC may take directly from a taxpayer’s account without reference to a court. The term is defined in Finance (No 2) Act 2015 Sch 8 para 2.
- relevant tax written-down value (RTWDV)**
Figure used in relation to **allowance buying**. A full definition is given in Capital Allowances Act 2001 s212K.
- relevant telecommunication right**
In relation to income tax on trading profits, there are special provisions in Income Tax (Trading and Other Income) Act 2005 from s144A.
- relevant third person** Term used in the context of **disguised remuneration** (Income Tax (Earnings And Pensions) Act 2003 s554A(7) as inserted by Finance Act 2011 Sch 1).
- relevant transferred-out gain** In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DC(2).
- relevant tribunal or court** For VAT, “means the tribunal or court from which the permission or leave to appeal is sought” (Value Added Tax 1994 s95B(8)).

relevant UK earnings In relation to occupational pension schemes, this term is defined in Finance Act 2004 s189(2).

relevant UK individual An individual is a relevant UK individual for a tax year if the individual has relevant United Kingdom (UK) earnings chargeable to income tax for that year, the individual is resident in the UK at some time during that year, the individual was resident in the UK both at some time during the five tax years immediately before that year and when the individual became a member of the pension scheme, or the individual, or the individual's spouse, has for the tax year general earnings from overseas Crown employment subject to UK tax.

relevant 6-year period In relation to derivative contracts, this term is defined in Corporation Tax Act 2009 s630(4).

reliability One of the **qualitative characteristic** of information in financial statements.

“The quality of information that makes it free from **material error** and bias and represents faithfully that which it either purports to represent or could reasonably be expected to represent” (FRS 102 glossary).

The information provided in financial statements must be reliable. Information is reliable when it is free from material error and bias and represents faithfully that which it either purports to represent or could reasonably be expected to represent. Financial statements are not free from bias (ie not neutral) if, by the selection or presentation of information, they are intended to influence the making of a decision or judgment in order to achieve a predetermined result or outcome.
— *Financial Reporting Standard FRS 102 section 2.7*

In previous standards, it is defined as the qualitative characteristic of being free from material error and bias, representing faithfully.

This is one of the four requirements of **accounting information** required by **Statement of Principles**.

Reliability is itself broken down into five elements:

- **faithful presentation**
- **neutral**
- **free from material error**

- **complete**
- **prudence.**

reliability of measurement	<p>In accounting, one of two recognition criteria for recognising an item in the accounts. The other criterion is probability of future economic benefit.</p> <p>This criterion is “that it possesses a cost or value that can be measured with reliability” (FRS 102 section 2.30). The cost or value may be known or may be estimated, provided a reasonable estimate can be made.</p>
relief	<p>General</p> <p>Assistance to help with a difficult situation.</p> <p>Taxation</p> <p>Reduction in taxable income in respect of expenditure or other financial burden.</p> <p>“The word ‘relief’ is not a term of art but has been used in tax legislation since the earliest statutes to refer to a provision which reduces the tax which would otherwise be payable” (<i>Taylor v MEPC Holdings Ltd. UKHL [2002]</i>)</p> <p>Customs</p> <p>For Customs purposes, “freedom from paying duty and tax when you meet the relevant conditions” (Customs notice 3).</p>
Relief at Source (RAS)	<p>Process by which tax relief is given for pension contributions.</p>
relief declaration return	<p>Annual return for Annual Tax on Enveloped Dwellings stating that a property or properties qualifies for relief from the tax (Finance Act 2013 s159A as inserted by Finance Act 2015 s73).</p>
relief from income tax	<p>For manufactured dividends, this term includes a tax credit (Income Tax Act 2007 s572A(4)).</p>
reliefs from income tax	<p>For PAYE, the term “includes allowances and deductions” (PAYE Regulations SI 2003 No 2682 reg 2(1)).</p>
relief shift	<p>Period of work (or the people who perform it) which usually comes between the day shift or night shift.</p>

relief-triggering event	Term used in relation to the tax-deductibility of costs for employee share schemes, as explained in the Inspector's Manual at BIM 44300.
relievable charity donatio	“Means a gift or other disposal which — (a) is made by a person to a charity, and (b) is eligible for tax relief” (Income Tax Act 2007 s809Z1(1) and Corporation Tax Act 2010 s939B).
relievable gift	Gift to charity for which a substantial donor obtained tax relief. The full list of such gifts is given in Income Tax Act 2007 s551.
relievable loss	Loss incurred by a business in its final tax year which is not relieved by being offset against other income of the same tax year (Income Tax Act 2007 s89(2)). This loss may be relieved against profits of the previous three years.
relievable pension contribution	A contribution paid to a registered pension scheme by or on behalf of a member of that scheme, unless one or more of the following exceptions applies. A payment is not a relievable contribution if the member was aged 75 or over when the contribution was made, or the contribution is paid by the member's employer, or the payment is an age related rebate or a minimum contribution paid by HMRC to a contracted-out pension scheme under section 42A(3) or section 43 of the Pension Schemes Act 1993 or the corresponding Northern Ireland legislation or it is a life assurance premium contribution in accordance with section 195A Finance Act 2004. The term is fully defined in Finance Act 2004 s188(2).
relievable property	For inheritance tax, property on which business relief or agricultural relief is available.
religion	System of belief, such as Christianity or Islam. It has many financial implications. A religion may qualify as a charity provided it passes the public benefit test. So relief from suffering qualifies

but private prayer does not. For the purposes of charity law, includes one which believes in more than one god or which does not involve any belief in a god (Charities Act 2006 s2(3)) and Charities Act 2011 s3(2)(a).

For tax purposes, religion requires a belief in a supreme being, so atheistic bodies do not qualify.

religious

For VAT and such bodies, the term "includes all denominations, creeds, old and new, that command a following" (VAT leaflet 701/5).

religious community

Monastery, convent or similar establishment where people live under religious vows. These usually include sharing property on a communal basis.

Members of religious communities are exempt from the **national minimum wage** provided:

- the community is a charity or established by a charity;
- the purpose of the community is to practise or advance a religious belief;
- all or some members live together for that purpose.

religious exemption

Right to submit tax returns on paper rather than by computer where a taxpayer's religious beliefs are incompatible with using computers. This applies to partnerships if all partners share such belief. In practice, the exemption is claimed by some Orthodox Jews and members of certain Brethren organisations.

religious marriage

Marriage which has been conducted in accordance with the usage of a religion in addition to the requirements of the law. Under Matrimonial Causes Act 1973 s10A (inserted by Divorce (Religious Marriages) Act 2002 s1), a decree absolute may be refused in a divorce until steps have been taken to dissolve the religious marriage.

The Act is intended for Jewish marriages, though the provision is written to include any religion.

religious order

Monastery, convent or similar establishment.

Members are taxed in the normal way even when they have taken a vow of poverty. The matter is discussed in the Inspectors' Manual at EIM69700.

relocation	Act of moving a person or business to a different location. Where an employee is relocated, the employer may generally provide up to £8,000 as tax-free benefit (Income Tax (Earnings And Pensions) Act 2003 from s271).
relocation package	Package of benefits provided by an employer to an employee to encourage and assist the employee in moving home to a different location.
remainderman	Person who inherits the settled property in an interest in possession trust when the life tenant dies. All beneficiaries who are remaindermen must be named; it is not sufficient merely to identify them such as "my grandchildren".
remaining amount	Expression used in Corporation Tax Act 2010 s23 in relation to calculating corporation tax on ring fence profits.
remaining expenses	Term used in Income Tax Act 2007 s486 in relation to the offset of trustees' expenses.
remaining useful economic life	In relation to capital allowances, "in the case of any leased plant or machinery, is the period — (a) beginning with the commencement of the term of the lease, and (b) ending when the asset is no longer used, and no longer likely to be used, by any person as a fixed asset of a business" (Capital Allowances Act 2001 s70YI(1)).
remaneant pro defect emporium	Latin: they are left on my hands for want of buyers. This is a statement by a sheriff who cannot sell seized goods.
remedial order	(1) Order of a court that reverses the sale of shares or other security in a private company to a member of the public in contravention of company law (Companies Act 2006 s759(1)). (2) Order that may be served on a care provider under

Care Act 2014 s93(3).

remedy Means provided by the law for the recovery of a right or compensation for an infringement of a right. It is distinct from a penalty or punishment.

Remembrance, Responsibility and Future

English name for a German compensation scheme for anyone who was a slave or forced labourer in the second world war. On 16 December 2015, it was announced that such payments are exempt from inheritance tax.

reminder Notice drawing a person's attention to an unpaid amount due. This is a requirement in many legal procedures to recover a debt.

remission Relief or refund of what was previously regarded as owed.

remittance Sending of a payment.
A non-resident individual who remits money to the UK may be liable to pay UK income tax on the remittance.

remittance advice Document which gives details of income. It is usually numbered, filed and cross-referenced to the receipts side of the cash book.

remittance basis When tax is charged on **foreign income** only to the extent that it is remitted to the UK. The opposite is known as the **arising basis**.

In general, this basis is used by taxpayers who are **resident** in the UK, but who are either not **ordinarily resident** nor **domiciled** in the UK.

Income tax provisions can be found in Income Tax Act 2007 from s809A.

remittance men Settlers in Australia in 19th century who depended on money sent from Britain.

remitted to the United Kingdom

In relation to the remittance basis, this is given a specific meaning in Income Tax Act 2007 s809L.

remitting bank	Bank into which a person has made a payment and which has the obligation to collect funds from the bank from which the payment is made.
remortgage	<p>A switch of mortgage from a current lender to another one.</p> <p>A new mortgage is taken out to pay off the old one.</p>
remote gambling	Allowed under Gambling Act 2005. Law on licensing is amended by Gambling (Licensing and Advertising) Act 2014 s1.
remote gaming	“The playing of a game of chance for a prize by remote means (for example, over the internet)” (HMRC Notice 455A).
remote gaming duty (RGD)	Tax on gaming from a terminal removed from the operator.
remoteness	<p>Lack of sufficient proximity.</p> <p>In law, this concept is relevant in several contexts. In a claim for damages, remoteness restricts liability to what was reasonably foreseeable at the time of loss. Any further loss is considered too remote and therefore not compensated.</p> <p>In executorship, remoteness refers to a disposition of property which cannot be effected within the time limit for perpetuities. Such a disposition is said to be void for remoteness.</p>
remoteness test	Rule on the tax-allowability of expenditure. This generally restricts the allowability to the direct purpose of the payment and not to the indirect benefit that may arise. A leading case is <i>Union Cold Storage Ltd v Jones [1924] 8TC725</i> . The matter is discussed in the Inspectors' Manual at BIM37200. See also Usher .
remote operating licence	Licence issued by Gambling Commission to someone who either offers remote gambling or who offers gambling services by remote communication (Gambling Act 2005 s67). Further details are provided in HMRC leaflet 455A.
remoter issue	Direct descendants of at least two generations, such as grandchildren and great-grandchildren. For tax purposes,

they are usually **associated persons**. They may also have inheritance rights.

Remote Transit Shed

An approved place situated within the boundaries of the appointed area of an approved airport, but outside the HM Revenue & Customs approved area where non-European Union (EU) goods may be held until they are assigned to a customs approved treatment or use.

removable contents

In relation to a caravan, such contents are standard-rated though the caravan itself may be zero-rated. Guidance on the scope of removable contents was provided by the First Tier Tribunal in *Colaingrove Ltd. TC 2715 [2013]*.

removal

(1) Process of sending goods to another EU member state.

Since the **Single Market**, such goods are no longer said to be exported.

(2) Goods removed with HM Revenue & Customs' permission from approved inland or frontier premises under New Export System (NES). This will be achieved through use of a CHIEF print or manual C130EX.

(3) Change of location for a person.

An employer may make a tax-free contribution to the removal expenses of an employee under Income Tax (Earnings And Pensions) Act 2003 from s271.

removal authority

A release note that is produced when a request has been made for goods in transit, or for goods being removed to another shed or another airport.

removal document

For customs purposes, either Single Administrative Document (SAD) copy 3, approved commercial document, laser printed or approved privately printed versions of the Single Administrative Document (SAD).

removal expenses

The expenses of relocating a business are generally tax-deductible as a revenue expense (see Inspectors' Manual at BIM42530).

The expenses of relocating an employee is generally tax-deductible as a revenue expense (see Inspectors' Manual at BIM42531).

For an employee, payment of certain removal expenses do not constitute a benefit in kind provided

they do not exceed £8,000.

removal of auditor

Decision by members of a company to remove an auditor from that position. Members may do so at any time by an ordinary resolution at a general meeting (Companies Act 2006 s510).

The auditor has the right to make written representations to the company (s511(3)).

These provisions only apply when an auditor is to be removed while in post. They do not apply when an auditor is not re-appointed, though there are similar provisions in s514.

removal order

Order which requires a Scottish **adult at risk** to be moved to a place of safety under Adult Support and Protection (Scotland) Act 2007 s14.

removed

Description used for Customs purposes for goods dispatched to another Member State of the European Union (EU) and goods exported to a destination outside the EU.

Remploy

Government-backed organisation that provided work for disabled people and established in 1945. Its dedicated factories closed in March 2012 when government funding was withdrawn in preference to other disability support schemes.

remunerate

Pay someone for the work they have done.

remuneration

Non-statutory term which "includes salaries, fees, pay, wages, overtime pay, leave pay, bonus, commission, perquisites, tips, gratuities, benefits in kind and expenses payments and allowances" (HMRC leaflet 480).

A business may claim remuneration of its staff as a business expense unless the remuneration remains unpaid nine months after the year-end (Corporation Tax Act 2009 s1288; Income Tax (Trading And Other Income) Act 2005s36).

For national insurance, a definition is given in Social Security (Categorisation of Earners) Regulations SI 1978 No 1689 reg 1(2).

- remuneration committee** Committee of directors established by most listed companies to consider directors' pay. It is usually dominated by non-executive directors.
- remuneration payment** In relation to directors of a quoted company, this is defined in Companies Act 2006 s226A(1).
- renewable heat incentive (RHI)** Scheme to promote the use of heat from renewable sources. It is to be introduced during 2011. The first phase will provide long term tariff support for the non-domestic sector,.
- renewable sources** Sources of energy which are not finite.
A list of such sources is given in Climate Change and Sustainable Energy Act 2006 s26(2) as follows:
(a) biomass;
(b) biofuels;
(c) fuel cells;
(d) photovoltaics;
(e) water (including waves and tides);
(f) wind;
(g) solar power;
(h) geothermal sources;
(i) combined heat and power systems.
- renewable term insurance** Term insurance providing the right to renew at the end of the term, without evidence of insurability. The premium rates may increase at each renewal as the age of the insured is increasing.
- renewables obligation certificate** Certificate issued under Electricity Act 1989 s32B or equivalent Northern Ireland law.
No tax is payable on receipt of such a certificate under Income Tax (Trading And Other Income) Act 2005s782A as inserted by Finance Act 2007 s21.
Nor is capital gains tax payable (Taxation of Capital Gains Act 1992 s263AZA).
- renewable source electricity (RSE)** Electricity that is produced from renewable sources such as wind, waves and sunlight. RSE is subject to climate change levy from 1 August 2015, with a transitional

period to 31 March 2018, under Finance (No 2) Act 2015.

renewable source heating system

The grant-funded installation of such a system may qualify for reduced rate of VAT under Value Added Tax 1994 Group 3. A definition is given in para 4B.

Renewable Transport Fuels Obligation (RTFO)

Government commitment made in November 2005 that at least 5% of road fuel must be made from biomass by 2010.

renewal

An agreement to continue insurance beyond any original term. For group insurance it is often used to refer to the annual update of membership details and production of annual accounts.

renewal notice

Notice inviting a customer to continue with a subscription or similar arrangement for a further period.

renewal premium

Amount charged to continue with a subscription, insurance policy or similar for a further period.

renewal of a lease

Grant of a further lease at the end of a term of an existing lease.

renewal of a tax

Term used in Provisional Collection of Taxes Act 1968 to refer to the position where some taxes need a fresh mandate each year, particularly income tax. Section 1(2) makes clear that this expression includes reimposition of a tax.

renewals accounting

System of accounting where an infrastructure is maintained by the routine replacement of parts, usually under an **asset management programme**. FRS15 allows this method only in restricted circumstances. The matter is discussed in the Inspectors' Manual at BIM31065.

renewals allowance

For capital gains tax, means "a deduction allowable in computing the profits of a trade, profession or vocation for the purpose of income tax by reference to the cost of acquiring an asset for the purposes of the trade, profession or vocation in replacement of another asset" (Taxation of Capital Gains Act 1992 s41(5)).

The renewals allowance is treated as an allowable deduction from the disposal proceeds of the replacement asset.

renouncing probate

When a person appointed **executor** in a will refuses to accept the office.

rent

Arrangement whereby one person pays money to another to use that person's property.

In relation to a lease, the word is defined by reference to the definition of **lease** in Income Tax Act 2007 s614DG.

rental

Amount paid to use another person's property.

rental earnings

“(1) In this Part, the rental earnings for any period in respect of a lease of an asset in the case of any person or any consolidated group accounts is the amount specified in subsection (2).

(2) That amount is the amount that falls for accounting purposes to be treated in accordance with generally accepted accounting principles, as the gross return for that period on investment in respect of a finance lease or loan in respect of the leasing arrangements”
(Income Tax Act 2007 s614AC).

In relation to tax avoidance about rent, the term is also given a specific meaning in Corporation Tax Act 2009 s898 and Income Tax (Trading and Other Income) Act 2005 s148A.

rental rebate

“Any sum payable to the lessee that is calculated by reference to the termination value of the asset” (Income Tax (Trading And Other Income) Act 2005s55B(2) and Corporation Tax Act 2009 s60A).

In relation to capital allowances on a lease, the term “means any sum payable to the lessee that is calculated by reference to the termination value of the asset”
(Capital Allowances Act 2001 s228MC(1)).

rental value

Full value of rented property at current market prices.

rental value of the accommodation

“The rent which would have been payable for that period if the property had been let to the employee at an annual

rent equal to the **annual value**" (Income Tax (Earnings And Pensions) Act 2003 s105(3)).

rent-a-room

Scheme whereby a person may let a room in their home and not pay tax on the rent up to a certain limit.

The scheme was introduced on 6 April 1992 to these limits:

From	Annual amount	Weekly amount
6 April 2016	£7,500	£144.23
6 April 1997	£4,250	£81.73
6 April 1992	£3,250	£6.250

The room must be furnished. The relief may be claimed by an individual or a business, however the *tenant* must not use the room for business purposes. Incidental use, such as a desk for private study or occasional work is accepted.

The allowance is per taxpayer not per tenant, except that a husband and wife may only claim one allowance. If two people let a room in the same building, the rent-a-room allowance is apportioned between them.

Tax law is given in Income Tax (Trading And Other Income) Act 2005s23.

rentcharge

Any annual or other periodic payment charged on land other than lease payments or interest (Rentcharges Act 1977 s1).

No rentcharges may be created after 22 August 1977 (ibid s2(1)).

rents

"Includes payments by a tenant for work to maintain or repair leased premises which the lease does not require the tenant to carry out" (Income Tax (Trading and Other Income) Act 2005 s266(2)).

rent tribunal

Body which settles disagreements between landlords and tenants about the amount of rent which should be payable at a rent review.

renunciation

Act of giving up something, particularly a right or entitlement to shares.

renvoi	<p>Doctrine regarding the choice of law where a matter falls within the scope of alternative jurisdictions.</p> <p>If an agreement seeks to make judges of country A impose the law of country B, or judges of country B to impose the law of country A, then a judge in country A imposes the law of country A.</p> <p>The principle is that a choice of jurisdiction must accept the totality of that jurisdiction. The parties cannot choose the laws of one country and the court system of another.</p>
reorder	<p>(1) Place a further order.</p> <p>(2) Work done on the interior of a building to arrange its facilities to make it more appropriate to current requirements.</p>
reorder level	<p>Stock quantity below which further supplies should be ordered.</p>
reorder quantity	<p>Amount of stock which should be reordered when the reorder level has been reached.</p>
reorganisation	<p>Taking an existing organisation and making changes in how it is operated, usually either to respond to an external factor (such as a merger of two businesses) or to make the organisation more efficient. </p> <p>For capital gains tax, a reorganisation is not treated as a disposal (Taxation of Capital Gains Act 1992 s127).</p>
repackaging	<p>For tobacco products, the replacement of any packaging or wrapping material that is customary, necessary or both customary and necessary to enclose and present tobacco products for retail sale purposes.</p>
repair	<p>Term used when HMRC amends a return it has received from a taxpayer.</p> <p>This procedure is used for obvious errors such as transposed figures, arithmetical errors, errors of principle and similar. HMRC has nine months from receipt of return to make a repair. It must notify the taxpayer who may then accept it or reject it.</p>
repair at own expense test	<p>One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the</p>

scope of **IR35**.

repair rule Provision that provides relief under the **remittance basis**, for which purpose the rule is defined in Income Tax Act 2007 s809Z3.

repair rule premises Term used in connection with the **repair rule** and defined in Income Tax Act 2007 s809Z3(4).

repatriation Returning something or someone to its original land.
For a person this means a person returning to his native land, or the expulsion of an immigrant to his country of origin.
For money or goods, it means returning them to the country of origin.

repayment claims Under laws about **dormant bank accounts**, a claim made by the rightful owner of such an account under the provisions of Dormant Bank and Building Society Accounts Act 2008.

repayment mortgage Mortgage where each payment includes some repayment of capital as well as interest.

Repayment of Teachers' Loans Scheme (RTL scheme)

A scheme run by Department for Education and Skills from 1 July 2002 to 30 June 2005 to encourage teachers in England and Wales to take posts in subjects where there was a shortage of teachers. The teacher had to take an appropriate post by 30 June 2005.

Under the scheme, the teacher is provided with an **income contingent student loan**. This is written off over ten years provided the teacher remains in eligible employment. The teacher makes no repayments of the loan. Part-time teachers have the loan written off on a pro rata basis.

The amount written off each year is a benefit in kind subject to income tax and PAYE. This is paid by the government, so the teacher does not have to make any payments.

In other circumstances, the loan is repaid under the **student loan deduction scheme**.

repayment schedule	Offer made by a debtor to a creditor saying how he intends to clear the debt.
repeal	Revocation of a law, rule, regulation or similar. A repeal of a repeal does not revive the law (Interpretation Act 1978 s15).
repeated benefit fraud	Offence set out in Social Security Fraud Act 2001 s7 as amended by Welfare Reform Act 2012 s119. It applies when a claimant is found to have committed a disqualifying event within five years of a similar event.
repeated misdeclaration penalty	A penalty that HMRC could impose where repeated or significant misdeclarations have been made on VAT returns. The penalty was imposed under Value Added Tax 1994 s64. It was repealed at various dates in 2008 and 2009 when a new regime of penalties was introduced.
repeated prosecution	This is contrary to Article 6 of the European Court of Human Rights, which guarantees a fair trial. In a Ukrainian case, a customs officer was found to have his rights violated when he was tried three times for the same offence of smuggling and tax evasion merely because the court president did not agree with the first two decisions. (<i>Savinsky v Ukraine. ECHR Case 6965/02 [2006]</i>)
repeat performance	Consumer's right to require the provision of a service to be repeated when the first service was not satisfactory (Consumer Rights Act 2015 s55).
repetend	The numbers that repeat in a recurring decimal .
replacement	Person, business, asset or funds which are used in place of such item which is no longer available. In relation to capital allowances on feature integral to a building, the term is defined in Capital Allowances Act 2001 s33B.
replacement car	For income tax on employment income, a car that replaces the normal car of an employee (Income Tax

(Earnings And Pensions) Act 2003 s145(1)(b)).

replacement cheque

Cheque issued to replace one which was stopped, dishonoured or became stale.

replacement cost

A measure of **current value** which estimates the cost of replacing an asset or liability at the date of the balance sheet. Justified by reference to **value to the business**.

replacement cost accounting

Form of **current cost accounting** where assets are valued at the cost of replacing them.

replacement cost depreciation

Depreciation of a fixed asset which has been valued under **replacement cost accounting**.

replacement expenditure

Expenditure to replace a fixed asset.

In bookkeeping, this is regarded as an expense and so is charged to the profit and loss account and not capitalised.

In tax, replacement expenditure on an **integral feature** may attract a capital allowance, provided the expenditure meets the **more than 50% test**.

replacement instrument

Document that replaces a stamped document that has become damaged or destroyed.

The stamp duty implications are set out in Stamp Duties Management Act 1891 s12A.

replacement investment

This is where companies buy new machinery and equipment that simply replaces something they had already that was worn out or inefficient. Depreciation is often used as an approximation for this.

replacement loan

Taxation generally

Term used in various parts of taxing acts (such as Income Tax Act 2007 s408) to mean a loan that pays off a loan taken out for a particular purpose. In general, a replacement loan is treated for tax purposes on the same basis as the loan it replaces.

Beneficial loans

A loan that replaces an **employment-related loan**

(Income Tax (Earnings And Pensions) Act 2003 s186).

Before 6 April 1995, a replacement loan could become taxable when the original loan was not. This arose where the new lender was not the employer.

replacement right	For national insurance on share options, term used in Social Security Contributions (Share Options) Act 2001 s3.
replacement securities	Term used in Taxation of Capital Gains Act 1992 s138A when shares or other securities are acquired by an earn-out right .
replevin	Legal remedy of a person whose goods have been unlawfully taken from him.
repo	<p>Sale of securities with an agreement to buy them back later, almost always for a higher price. A repo is sometimes also called RP or sale and repurchase agreement. The security is often used as collateral to secure a loan. There are many variations on this arrangement.</p> <p>In relation to the sale and repurchase of securities, the term “means —</p> <ul style="list-style-type: none">(a) a debtor repo or debtor quasi-repo, or(b) a creditor repo or creditor quasi-repo <p>(including anything treated, as a result of section 547 of Corporation Tax Act 2009, as a creditor repo for the purposes of section 546 of that Act)” (Finance Act 2007 Sch 13 para 15(9)).</p> <p>Income tax provisions are given in Income Tax Act 2007 s569.</p> <p>Capital gains tax provisions are given in Taxation of Capital Gains Act 1992 from s261F, and from s542.</p>
repo legislation	Tax provisions in Part 6 of Corporation Tax Act 2009.
repo rate	Difference between the amount paid to repurchase a repo security and the same at which it is sold.
report	Document which describes what has happened or proposes a course of action.
reportable account	Account whose information may be shared between tax jurisdictions under various international tax agreements.

It is given statutory effect in the UK by SI 2015 No 878 para 2.

report by skilled persons	Report which the Pensions Regulator may require from the trustees or managers of a pension fund with regard to a matter stated in a report notice . These reports are regulated by Pensions Act 2004 s71.
report form	(1) Document which should be completed as indicated as a means of providing a report . (2) Vertical form of the balance sheet .
reporting accountant	Accountant who is engaged to report on financial statements, particularly in relation to a check that is less extensive than an audit.
reporting boundaries	In accounting, the limit of where activities must be reported. So a subsidiary reports its activities in its own accounts and in the group accounts , whereas an independent associated company reports its activities only in its own accounts.
reporting date	In accounting, "the end of the last period covered by financial statements or by an interim financial report" (FRS 102 glossary).
reporting entity	Person, business, organisation or other entity for which a set of accounts relates.
reporting period	The period to which a set of accounts relates (FRS 102 section 3.10). This corresponds to accounting period in tax. "The period covered by financial statements or by an interim financial report" (FRS 102 glossary). Before FRS 102, the term was sometimes used to mean the time after the end of an accounting period during which all transactions for that period must be finalised.
reporting restriction	Requirement for an unlawful immigrant to report regularly pending deportation or consideration of asylum application (Asylum and Immigration (Treatment of Claimants etc) Act 2004 s36(b)).

Reporting Statement	Document produced by Accounting Standards Board.
report notice	Notice issued by the Pensions Regulator under Pensions Act 2004 s71 requiring the trustees or managers of a pension fund to provide specified information.
report of attachment	In Scotland, a report which must be made to the sheriff in respect of the execution of an attachment in collection of a debt (Debt Arrangement and Attachment (Scotland) Act 2002 s17).
repossession	When a landlord, lender or mortgagee takes back property for unpaid amounts due.
representation	When one person acts on behalf of another.
representation	In fraud, means "any representation as to fact or law, including a representation as to the state of mind of: (a) the person making the representation, or (b) any other person". (Fraud Act 2006 s2(3)).
representational trade association	The VAT position is explained in VAT leaflet 701/5.
representative	A person appointed on behalf of another to carry out the acts and formalities required by customs rules. Representatives may be either Direct or Indirect. A representative must state who they are acting on behalf of, specify the type of representation, and be empowered to act in that capacity.
representative board	Type of board of directors which places more emphasis on the directors' tasks than it does on interpersonal relations between directors.
representative member	A company applying for group treatment, which is nominated to represent the group. It is registered for VAT and is responsible for completing VAT returns and paying, or reclaiming VAT on behalf of all the other members of the group.
representative member	In VAT, the company in a group which is responsible for the submitting the group's VAT returns.

representative occupation	For capital gains tax, a condition for claiming rollover relief.
representative of non-UK resident	The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 from s271A.
representative partner	<p>Member of a partnership who is responsible for declaring the income and capital gains of the partnership. This is then used by the individual partners in submitting their own tax returns. The term nominated partner is sometimes preferred.</p> <p>A partner should usually accept his or her allocation of profits as declared by the nominated partner. If the partner disagrees with this figure, HMRC expects the partners to resolve the matter between themselves. Only if such resolution proves impossible, should the partner declare a different figure on his or her tax return.</p>
representative payment	For the purposes of HMRC data-gathering powers for transactions in securities , “means a payment that is representative of an amount payable out of or in respect of securities or rights attaching to securities” (Finance Act 2011 Sch 23 para 19(4)).
representee	Person to whom a representation is made.
reprice	Change the price of something.
reprimand	Formal rebuke, particularly when given by a professional body for misconduct by a member. In this context, it is less severe than a severe reprimand and more severe than an admonition.
reproducibility	In evidence, the ability of a scientist or other expert to reproduce a test undertaken by an expert witness to produce the same result. This is part of the test of interverifiability .
República Argentina	Spanish: Argentine Republic.
Republica de Angola	Portuguese: Republic of Angola.

Republica Federativa do Brasil Portuguese: Federative Republic of Brazil.

Republic of Ireland

Independent state of the island of Ireland, excluding Northern. The Republic was born as the Irish Free State on 6 December 1922 and became completely independent of the UK in 1949 when it became a Republic. It joined the EU at the same time as the UK in 1973.

Tax in the Republic is very similar to that in the UK, based on the common system before independence. Terms such as P45 and Schedule E have the same meaning.

Since 2002, the Republic uses the **euro** as its currency and the **calendar year** as its tax year.

Income tax is assessed under **Schedules C** to **F** which have the same meaning as they had in the UK (except they have no Schedule D Case VI). It is charged at a standard rate of 20% and then a higher rate of 41%. The amount may be reduced by **tax credits**. These replaced the UK-style allowances in 2001.

An income levy was introduced from 2009 as an addition to income tax. Discretionary trusts also pay an additional tax.

Corporation tax is charged at the low rates of 10% and 12.5%.

Employment income is collected under **PAYE** which is similar to the UK system but is completely independent of it. Other income tax is paid under self-assessment.

Pay Related Social Insurance (PRSI) is charged under various classes as the equivalent to national insurance.

Capital gains tax is charged at 22% or 25%.

VAT is levied at rates ranging from 0% to 21%.

Deposit interest retention tax (DIRT) is charged on interest on bank accounts.

Stamp duty is charged on property conveyancing, share transfers, cheques, payment cards and insurance policies.

Capital acquisitions tax is the equivalent of inheritance tax, charged at 25% above a threshold.

The Republic also charges withholding taxes, relevant contracts tax, dividend withholding tax, excise duties, plastic bag levy, vehicle registration tax, non-principal private residence levy, motor tax and local taxes.

Republika Bulgariya	Bulgarian: Republic of Bulgaria.
Republika y'u Burundi	Kirundi (official language): Republic of Burundi.
Republik Österreich	German: Republic of Austria.
République du Bénin	French: Republic of Benin.
République du Burundi	French: Republic of Burundi.
repudiation	Refusal to accept something which has previously been accepted, or the removal of such acceptance often by a higher authority.
repurchase	Buy something again.
repurchase agreement	Agreement between a company and its shareholder whereby the company makes arrangements to buy back the shares. The tax implications are set out in Income and Corporation Taxes Act 1988 s231AB.
repurchase price	Amount payable under a repo contract. The capital gains tax implications are given in Taxation of Capital Gains Act 1992 from s261F.
reputation	The extent to which tax relief may be claimed for protecting one's reputation is discussed in the Inspectors' Manual at BIM37965. A leading case is <i>McKnight v Sheppard</i> [1999] 71TC419.
reputational damage	Damage to the reputation of an individual or business. In the case <i>Lunn v HMRC</i> . [2011] EWHC 240, HMRC expressed its concern to avoid reputational damage to tax agents .
request for abandonment	Application to Customs made jointly by a right-holder and interested parties for imported goods to be destroyed. This procedure is used when goods are intercepted for breaching intellectual property rights, such as smuggling in pirated goods. The procedure is given in Customs notice 34.
requirement	Something which is needed for a particular purpose.

required information	Information which a person must provide to another, particularly tax information which must be provided to HMRC under Taxes Management Act 1970 s20(7AC).
required rate of return	Amount of return which an investor is looking for in an investment.
re-registration	Changing the status of a registered company, particularly from a private to a public company (Companies Act 2006 ss90-96) or from a public to a private company (ibid ss97-101).
RES	(1) Race Equality Scheme (2) Retail Export Scheme - a voluntary scheme that allows a VAT registered retailer to zero-rate a supply of goods sold to entitled customers (usually overseas visitors). The scheme is subject to conditions.
res	Latin: things.
RESA	Regulatory Enforcement and Sanctions Act.
res accessoria sequitur rem principalem	Latin: accessory things follow principal things.
resale	Selling of goods which have been bought for that purpose.
resale price maintenance (RPM)	Arrangement whereby a manufacturer states the price at which an item may be sold and retailers are not allowed to sell it for less. Generally such schemes are now illegal under competition law.
reschedule	Arrange a new timetable for something, particularly for the payment of debts.
rescind	Cancel, repeal or annul the effect of something.
rescission	Ending of an arrangement by one party to it, such as termination of an insurance contract by the insurer on the grounds of mis-statement by the insured.

rescue equipment For VAT on **charity funded equipment**, rescue equipment is as defined in VAT leaflet 701/6.

There is a separate category of zero-rating for **lifeboats**.

research In accounting, "original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding" (FRS 102 glossary).

research and development Expenditure by an organisation in trying to develop new products. It is vital that firms spent a significant amount on this if they are to stay ahead of the competition and be able to launch new and innovative products.

For capital allowances, the term —

"(a) means activities that fall to be treated as research and development in accordance with generally accepted accounting practice, and

(b) includes oil and gas exploration and appraisal"

(Capital Allowances Act 2001 s437(2)).

Expenses are allowable as a tax deduction (Corporation Tax Act 2009 s87 and Income Tax (Trading and Other Income) Act 2005 s87).

Some expenditure may qualify for an **enhanced capital allowance**. The rates for small and medium-sized entities are given in Corporation Tax Act 2009 from s1039.

research and development allowances

The provisions are given in Capital Allowances Act 2001 from s437.

research institution

For the purposes of income tax on their shares, this an educational or non-profit-making body engaged in research (Income Tax (Earnings And Pensions) Act 2003 s457).

Payments by a company to such a body are tax-deductible (Corporation Tax Act 2009 s88).

research institution spin-out company

Trading company set up by a research institution, usually to exploit an invention or similar intellectual property.

There is a specific capital gains tax provision in Taxation of Capital Gains Act 1992 s149AB.

There are specific income tax provisions in relation to their shares in Income Tax (Earnings And Pensions) Act 2003 from s451.

reseller

Someone who sells goods bought for the purpose, particularly when the people to whom the goods are sold acquire them for sale.

reservation of title

Clause in a contract which says that ownership of supplied goods only passes when they have been paid for. Such a clause is sometimes known as a **Romalpa clause**.

For a supplier, this has the advantage that if the customer becomes insolvent, the supplier can claim back the goods which minimises the loss. Otherwise, the supplier would be an **unsecured creditor** and would receive little or nothing of the sum owed.

For accounting purposes, reservation of title clauses are usually ignored.

reserve

Sum set aside in the accounts for a particular future purpose.

In insurance, it is the sum set aside by an insurance company as a liability to meet future claims and other obligations.

reserve currency

Strong currency used in international trade, and held by countries whose own currency is not strong.

reserve forces

Collective term for **reservists**, individuals who work in civilian duties but who have military training and can be called up for military duty. They are listed in PAYE regulations SI 2003 No 2682 reg 122(2). The Ministry of Defence may withhold PAYE from their pay under reg 124.

reserve for fluctuations	Money put aside to deal with day-to-day variations in exchange rates.
reserve fund	Profits of a business which have been retained for a specific purpose. The term has a specific meaning for marketing authorities (Corporation Tax Act 2009 from s153).
reserve price	Minimum price which a seller is prepared to accept in an auction.
reserved forces	"The Royal Fleet Reserve, the Royal Navy Reserve, the Royal Marines Reserve, the Territorial Army, the Royal Air Force Reserve or the Royal Auxiliary Air Force" (Armed Forces Act 2006 s374).
reserved legal activity	Term used in Legal Services Act 2007 s12(1) to mean the right of audience in court, conduct of litigation, reserved instrument activities, probate, notarial activities and the administration of oaths.
reserved occupation	Occupation which was considered essential and therefore excused the person from military duty during the war. The list was first issued to <i>prevent</i> essential workers from joining the military.
reserved Schedule D status	Special tax provision for certain actors and other entertainers. On 28 February 1990, Inland Revenue (now HMRC) decided that the standard Equity contract made the actor or entertainer an employee and assessable to income tax under what was then Schedule E. However those who had already established their self-employed status are allowed to keep it.
reserve price	Minimum price that a seller will accept at auction. Usually, the price is not made known in advance to bidders. If the reserve price is

not reached, the item is not sold but returned to the seller.

reserves

Amounts of retained profit which are retained for either a general or specific purpose.

reserves policy

For charities, a policy not to spend all money when received but to keep back some finance. This is particularly important when a charity largely relies on a single source of funding.

reservists

Employment and income tax

People in normal occupation who can be called up for military duty.

A training allowance for such a person is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s298).

For PAYE, they are called **reserve forces** which is defined in PAYE regulations SI 2003 No 2682 reg 122(2). The Ministry of Defence may deduct PAYE under reg 124.

Pension for early retirement

A reservist may retire on a personal pension below the age of 50, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing

documentation of the pension scheme by 10 December 2003. (SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

reservoir

For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).

reset bond

Bond used to reset an interest rate (Corporation Tax Act 2009 s454).

resettlement grant

Sum paid to a person to adopt a different way of life, such as when a person emigrates or when a politician ceases to hold office.

res furtivae

Latin: stolen goods.

res gestae

Facts relating to a transaction that is the subject of legal proceedings. This legal rule can admit observations by people that would otherwise be ruled inadmissible as hearsay.

residence

Country

The country where a person lives. It has tax implications as set out in Income Tax (Trading And Other Income) Act 2005 from s17.

Guidance on company residence is given in Corporation Tax Act 2009 from s13 and in statement of practice SP1/90.

Property

The premises in which a person lives.

For employment, it is where the employee lives (Income Tax (Earnings And Pensions) Act 2003 s276). An employee who is obliged to change residence may be paid tax-free **relocation expenses**.

residence nil rate band (RNRB) An addition to the nil rate band for inheritance tax that may be claimable when a family home passes to the children or other descendants of the deceased.

This provision is enacted in Inheritance Tax Act 1984 ss8D-8M by Finance (No 2) Act 2015 s9. It applies for deaths from 6 April 2017.

The main provisions are:

- the property must have been used as a residence and not, for example, as a buy-to-let property
- the deceased must have owned the property or had another “qualifying residential interest”
- where the property has previously passed to a surviving spouse, it may be added to the amount of transferable nil rate band on the second death
- the property must pass to a child or remoter descendant of the deceased. This includes a stepchild, adopted child, foster child and grandchild
- RNRB may be claimable when the property has been held in a trust.

The amount of RNRB is:

Tax year	Amount of RNRB
2017/18	£100,000
2018/19	£125,000
2019/20	£150,000

2020/21	£175,000
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This means that by 2020/21, it is possible for a couple to leave £1 million of their property to their children. This is the nil rate band of £325,000 plus £175,000 RNRB for each of them.

If the value of the property exceeds £2 million, the relief is reduced by £1 for every £2 excess. This means that RNRB is lost if the value exceeds:

$$\text{£2 million} + (2 \times \text{RNRB})$$

which is £2.2 million in 2017/18, and £2.35 million in 2020/21.

The relief extends to proceeds from the sale of a property where the deceased downsized during their lifetime.

The RNRB is index-linked after 2020/21.

residence permit	Authority issued by a state allowing a person to live there.
residence requirement	Requirement that an offender subject to certain types of order must reside at a specified place (Criminal Justice Act 2003 s206).
residence restriction	Condition which may be imposed on an unlawful immigrant pending his removal (Asylum and Immigration (Treatment of Claimants etc) Act 2004 s36).
resident	Person who lives in a particular area or building.
residential address	Where a person lives. A company director once has to disclose his home address in the register of directors . It is now permissible for the director to give a service address which may be the company's registered office (Companies Act 2006 s163(5)).
residential care home	This activity is excluded from the tax relief for venture capital trusts by Income Tax Act 2007 s309. For this purposes s309(3) defines a residential care home as "any establishment which exists wholly or mainly for the provision of residential accommodation, together with board and personal care, for persons in need

of personal care because of:

- (a) old age;
- (b) mental or physical disability;
- (c) past or present dependence on alcohol or drugs;
- (d) any past illnesses; or
- (e) past or present mental disorder”.

residential mortgage-backed security (RMBS)

Financial instrument similar to the **collateralized debt obligation**, though technically different. It was pioneered by Lehman Brothers in 2004 and contributed to the bank's collapse.

residential park home

For VAT, this may come within the definition of a zero-rated **caravan**. Guidance is given in VAT notice 701/20.

residential property

“Means premises in England and Wales consisting of a single dwelling-house, including any ancillary land” (Housing Act 2004 s148(1)).

residential status

In relation to identity documents about A, “means —

- (a) A's nationality,
- (b) A's entitlement to remain in the United Kingdom, and
- (c) if that entitlement derives from a grant of leave to enter or remain in the United Kingdom, the terms and conditions of that leave”

(Identity Documents Act 2010, now repealed s8(2)).

residential trip

School trip which involves children staying overnight. There are provisions for relieving parents of the cost of such trips under Education Act 1996 s457 as amended by Education Act 2002 s200.

resident period	Period in which a migrating settlement was UK resident (Taxation of Capital Gains Act 1992 s89).
residual amount	In relation to leases, "means so much of the fair value of the plant or machinery subject to the lease as cannot reasonably be expected to be recovered by the lessor from the payments under the lease" (Capital Allowances Act 2001 s70YE(3)).
residual entity	In relation to savings income, this term is defined in Importing of Savings Income Information Regulations SI 2003 No 3297 reg 4.
residual input tax	Input tax incurred by a business on goods and services used or to be used in making both taxable and exempt supplies. This value is apportioned between taxable and exempt supplies by the partial exemption method.
residual income	Net profit before tax minus a nominal interest charge for the cost of capital. This measure is often used to assess the performance of a division.
residual or scrap value	In relation to wasting assets , means "the predictable value, if any, which the wasting asset will have at the end of its predictable life" (Taxation of Capital Gains Act 1992 s44). Other parts of this section indicate how this is to be calculated.
residual profit	For patent box , additional income generated by a patent as determined by the calculation method specified by HMRC.
residual value	"The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life" (FRS 102 glossary).

“The net realisable value of an asset at the end of its useful economic life. Residual values are based on prices prevailing at the date of acquisition (or evaluation) of the asset and do not take account of expected future price changes” (FRS 10 para 2).

For lessees under long funding operating leases, the term is defined in Income Tax (Trading and Other Income) Act 2005 s148J(2).

residuary devisee

In executorship, a person entitled to the residue of the testator's land and buildings (Wills Act 1837 s25).

residuary estate

Testator's property not otherwise specifically bequeathed or devised (Administration of Estates Act 1925 s33(4)).

residuary legacy

Legacy of whatever is left when all other legacies have been paid.

residue

Something left over, such as money left over after all expenditure has been met.

In executorship, the term means what is left of a person's estate after payment of all taxes, debts, funeral expenses, legacies and similar. The will should specify who is entitled to the residue.

residue of capital expenditure

In relation to capital allowances, this “is the qualifying expenditure that has not yet been written off in accordance with Chapter 9” (Capital Allowances Act 2001 s360K).

residue of the suggestion maximum

Amount that may be paid tax-free to an employee as a **suggestion award** when a previous payment has been made (Income Tax (Earnings And Pensions) Act 2003 s322).

resignation

(1) Voluntary ending on one's employment or similar standing down from an office.
(2) In human resources, Self-pity and similar

	behaviour which avoids dealing with a problem.
resignation letter	Letter from an employee stating why they are ending their employment and giving the date from which it is ended.
resignation of auditor	When an auditor gives notice of his ceasing to act in that capacity for any reason. The legal consequences are explained in Companies Act 2006 ss516-526.
resigning auditor	Auditor who has resigned his appointment as such. Such an auditor has certain statutory rights, including the right to issue a statement to members on why he has resigned (Companies Act 2006 s518(3)).
res integra	A matter that is governed by no known rule of law but which must be determined upon principle.
res inter alios acta alteri nocere non debet	Latin: a transaction between others does not prejudice one who was not a party to it.
res ipsa loquitur	Latin: the thing speaks for itself. This term is particularly used in cases of negligence, as in <i>Byrne v Boodle [1863]</i> .
res judicata	Latin: a thing adjudicated. This is the legal principle that once a matter has been determined by a court, tribunal or other judicial authority, the decision stands unless overturned by a higher court. It also means that the matter cannot be litigated again.
res nova	Latin: a new thing, particularly a legal matter not yet settled.
res nullius	A thing that has no owner. The meaning is similar to bona vacantia .

resolution	Motion to be debated by a board, committee or similar body.
resolution for voluntary winding-up	Resolution made by the members of a company to wind it up (Insolvency Act 1986 s84(1)).
resolute jure concedentis resolvitur jus concessum	Latin: the grant of a right comes to an end on the termination of the right of the grantor.
resolution plan	Document that sets out the circumstances when a business may fail. For financial institutions, the provisions of such plans are addressed in Financial Services and Markets Act 2000 s139C.
resolve	Settle a disagreement, such as in the workplace.
resource equalisation	Process introduced by central government in 2003/2004 as part of the grant review which aims to bring the average assumed level of council tax which authorities need to charge broadly in line with actual council tax levels.
resource spending	“Current government expenditure, such as staff pay, running costs, procurement and grants” (HM Treasury glossary).
resources	Those things that are required for an organisation to function. The main resources are material, labour and funding. Where one resource is limited, that becomes a constraint . The cost of using that resource is an opportunity cost .
respect principle	In relation to mental health, “people decision under the [Mental Health Act 1983 and subsequent legislation] must recognise and respect the diverse needs, values and circumstances of each patient, including their race, religion, culture, gender, age, sexual orientation and any disability. They must consider the patient’s views, wishes and feelings (whether expressed at the time or in advance), so far as they are reasonably ascertainable, and follow those wishes wherever practicable and

consistent with the purpose of the decision. There must be no unlawful discrimination” (Code of Practice: Mental Health Act 1983 para 1.4).

respite care

Care for a person provided by someone other than the usual carer, so that the carer may have a break.

respondeat superior

Latin: let the principal answer. Where an employment exists, the employer is liable for the acts of the employee in the employment. See also **vicarious liability**.

respondent

Party to a tribunal hearing against whom the proceedings are brought. The party bringing the proceedings is called the **appellant**.

For tax hearings, the term “means —

“(a) HMRC, where the appellant (or one of them) is not HMRC;

(b) in proceedings brought by HMRC alone, a person against whom the proceedings are brought or to whom the proceedings relate;

(c) a person substituted or added as a respondent under rule 9 (substitution and addition of parties)”

(The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 1(3)).

response document

Document published by a company in response to an **offer document** in a takeover bid.

Such a document must comply with Article 9.5 of the Takeover Directive, and is defined as such in Companies Act 2006 s953(9).

response document rules

“Rules designated as rules that give effect to the first sentence of Article 9.5 of that [Takeovers] Directive” (Companies Act 2006 s953(9)).

responsibility

In relation to negligence, “the court must have regard to whether the person, in carrying out the activity of which the alleged negligence or breach of statutory duty

occurred, demonstrated a predominantly responsible approach towards protecting the safety or other interests of others" (Social Action, Responsibility and Heroism Act 2015 s3).

responsibility accounting

Financial records that indicate who is responsible for each item.

responsibility centre

In management accounting, an area of responsibility that is controlled by an individual, such as a cost centre or profit centre.

responsibility for children and young persons

For **universal credit**, one of the additions that may be made to the **standard allowance**.

The relevant law is Welfare Reform Act 2012 s10.

responsible clinician

Person who makes judgments about a patient's mental capacity under Mental Health Act 2007.

responsible paying authority (RPA)

"An occupational pension scheme or other body, eg an insurance company, responsible for paying a GMP or protected rights" (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

responsible person

In relation to employer's pension schemes, the person who is responsible as set out in Income Tax (Earnings And Pensions) Act 2003 s399A.

Respublika Byelarus'

Belarussian: Republic of Belarus.

restaurant

This is a **trade related property**.

restaurateur

Keeper of a restaurant. Note that there is no letter N in this word.

rest break

Break from work, usually when an employee may eat and drink. Minimum rest breaks are specified in the **Working Time Directive**.

This Directive, effective from 1 October 1998 under SI 1998 No 1833, specify these rest breaks:

- 11 consecutive hours in every 24 hours
- short break every 6 consecutive hours
- one rest day each week
- four weeks paid holiday per year (increased to 5.6 weeks under UK law).

For the **national minimum wage**, rest breaks do not count as working hours.

restate

Where a figure which has already been published in accounts is retrospectively changed. This is where we have changed figures that we have been published in the past to show like-for-like comparisons with later year's figures.

restated figures

Accounts, or figures in accounts, which have been amended to correct an error or to reflect the true and fair position more accurately.

restaurant

Under the VAT flat rate scheme, the appropriate percentage for catering is:

From	Percentage
4 January 2011	12.5%
1 January 2010	11%
1 December 2008	10.5%
1 January 2004	12%

restitution

Compensation paid to bring a person back to the place they should have been, such as when the person was previously overcharged.

restitutionary claim

Claim for money to be returned such as when an overpayment has been made. The right of

someone to make such a claim does not prevent the possessor of the money being taxed on it as trading income (*Pertemps Recruitment Partnership Ltd v HMRC [2011] UKUT B8*).

restitution interest

Interest paid by HMRC in respect of overpaid corporation tax.

From 21 October 2015, this is subject to corporation tax at 45% to reflect the higher rates of corporation tax that have been historically charged, even though corporation tax has not been that high since 1984. The relevant law is Corporation Tax Act 2010 from section 357YA as inserted by Finance (No 2) Act 2015 s38(3).

The definition of restitution interest is given in Corporation Tax Act 2010 s357YC.

restitution payments rate

Rate of corporation tax charged on **restitution interest**.

The rate is 45% (Corporation Tax Act 2010 s357YK(2)).

restoration

General

Putting something or someone back into a place previously occupied, such as restoring Charles II as monarch in 1660.

Customs

For Customs, the term specifically means asking to have back goods which the owner believes were properly seized by Customs or where the legality of seizure is disputed.

The process is set out in Customs leaflet 12A.

Decommissioning relief

In terms of **decommissioning expenditure** that qualifies for a **decommissioning relief agreement**, the term "includes landscaping" (Finance Act 2013 s81(4)).

The term is further defined in Capital Allowances Act 2001 s416ZA(7) as inserted by

Finance Act s92(5).

For mineral extraction, the term is defined in Capital Allowances Act 2001 s416(5).

Company law

In company law, the term refers to a company that is restored to the register at Companies House having been struck off. The procedure is given in Companies Act 2006 from s1024.

restoration fee

Fee paid to Customs in connection with a claim for **restoration** of seizure goods. If the seizure is successfully challenged, the fee is refunded. Further guidance is given in Customs leaflet 12A.

restorer

In relation to the **repair rule** for relief from the remittance basis, the term is defined in Income Tax Act 2007 s809Z3(5).

restoration order

Order made by the **Pensions Regulator** when a final salary (or defined benefit) occupational pension scheme has made a **transaction at undervalue**.

[The term also has other legal uses, such as to restore devolved government in Northern Ireland.]

restore button

In computing, this is a small icon which the user may click to restore the **window** to its full size. In Microsoft this looks like two overlapping documents.

restraint of trade

Contract that seeks to limit the trading activities of one of the parties.

A complete restraint of trade is usually void. A partial restraint of trade may be legal.

restraint order

Order which a Crown Court may make under Proceeds of Crime Act 2002 s41. This prohibits a person from dealing with any of his realisable property.

restrict	Limit something, such as by imposing rules or setting a financial limit.
restricted DOB information	The day of the month in which a director or PSC was born. Such information must be filed at Companies House but is not made generally available from 1 October 2015 to help deter identity theft. The information may be passed to a proper public authority such as the police. A definition and the relevant provisions are given in Companies Act 2006 s1087A as inserted by Small Business, Enterprise and Employment Act 2015 s96.
restricted funds	Grants and donations, particularly to a church or charity, which are made for a clearly specified purpose and can be used for none other.
restricted goods	<p>Goods needing a licence or certificate before they can be imported into, or exported from, the UK. This contrasts with prohibited goods that cannot be imported at all.</p> <p>Restricted goods include “firearms, explosives and ammunition, live animals, endangered species, certain plants and their produce, and radio transmitters” (Customs notice 3).</p> <p>The legal definition is “goods of a class or description of which the importation, exportation or carriage coastwise is for the time being prohibited or restricted under or by virtue of any enactment” (Customs and Excise Management Act 1979 s1(1)).</p>
restricted interest in securities	In relation to employment-related securities , this term is defined in Income Tax (Earnings And Pensions) Act 2003 s423.
restricted occupancy	When premises may only be occupied as a residence for part of the year. For a caravan , this can affect the VAT charged for a caravan

site, as explained in leaflet VAT 701/20.

- restricted right to dividends** For corporation tax, term used in relation to shareholdings. It is extensively defined in Corporation Tax Act 2010 s161.
- restricted securities** In relation to **employment-related securities**, this term is defined in Income Tax (Earnings And Pensions) Act 2003 s423.
- restricted shares** In relation to share award schemes for employees, the term has the same meaning as **forfeitable shares**, namely shares that are issued to an employee but which can be forfeited if a performance condition is not met (Inspector's Manual at BIM 44010).
In terms of corporation tax relief for employee share schemes, the term "means shares that are —
(a) restricted securities, or
(b) a restricted interest in securities"
(Corporation Tax Act 2009 s1005).
- restricted stock units (RSU)** "Deferred share awards made overseas" (Inspectors' Manual at ERSM70450).
An RSU is usually structured to give an employee shares in a business if certain conditions are met. They comprise earnings under Income Tax (Earnings And Pensions) Act 2003 Chapter 5 Part 2, with special provisions for non-resident taxpayers who become UK-resident.
- restricted use undertaking** Undertaking given by the Director of Service Prosecutions that evidence given by a person will not be used against that person. (Armed Forces Act 2006 s304B as inserted by Armed Forces Act 2016 s8).
- restriction** *Accounting*
"A requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a

performance-related condition” (FRS 102 glossary).

Land law

In law, a notice to the Land Registry that a charging order has been made on a property.

restriction on disposal

Such a restriction may reduce the value of an asset for capital gains tax or inheritance tax purposes.

restriction on shares

Any arrangement that limits the rights of a shareholder in relation to his or her shares.

For a public company, such a restriction may be challenged. The provisions are set out in Companies Act 2006 ss794-802.

restrictions and sanctions

Rules governing goods which need a licence or certificate before they can be imported into, or exported from, the UK.

restrictive covenant

Clause in a contract which prevents someone from doing something, particularly a clause in a contract of employment which imposes restrictions on what an employee may do.

Whether such a payment is revenue or capital is discussed in the Inspectors' Manual at BIM35595.

restrictive indorsement

An indorsement on a **bill of exchange** or **promissory note** that seeks to restrict its negotiability. Examples include restrictions on whom may be paid or where.

restrictive undertaking

In relation to payments to directors and employees, means “an undertaking which restricts the individual’s conduct or activities. For this purpose it does not matter whether or not the undertaking is legally enforceable or is qualified” (Income Tax (Earnings And Pensions) Act 2003 s225(8) and Corporation Tax Act 2009 s69).

restructuring	<p>For accounting, “restructuring is a programme that is planned and controlled by management and materially changes either:</p> <ul style="list-style-type: none">(a) the scope of a business undertaken by an entity; or(b) the manner in which that business is conducted” (FRS 102 glossary).<p>A previous definition was a programme that is planned by the management of an organisation in relation to the scope of its activities or how they are performed (FRS 12).</p>
rests	<p>In banking, periodic balancings of an account to convert interest to principal for the purpose of calculating compound interest.</p>
resulting ownership change	<p>For the purposes of corporation tax, means a change in ownership of a company in accordance with Condition A in Corporation Tax Act 2010 s719 (Corporation Tax Act 2010 s724A(2) as inserted by Finance Act 2014 s37(4)).</p>
resulting trust	<p>Trust which arises from the conduct of the parties.</p>
resuscitation dummy	<p>Another name for a resuscitation training model.</p>
resuscitation training model	<p>For VAT on charity funded equipment, such a model must comprise at least a head and torso and be “designed for use during first aid training in cardiopulmonary resuscitation and/or defibrillation techniques” (VAT notice 701/6).</p>
retail	<p>Sale of items to the general public in quantities small enough for their personal use. Supplies in larger quantities to retailers are known as wholesale.</p>
retail banking	<p>Services provided by a bank to members of the public. Such services include cheque book accounts, deposit accounts, issue of various cards, mortgages, investments and the provision of other financial services.</p>
retail credit	<p>Arrangement to buy goods and pay by instalments. The goods are taken back if payment is not made.</p>

retail dealer	Person who sells directly to the general public.
retail deposit	Deposit placed by an individual with a bank.
retail distribution review	Proposals to change the regulation of financial advisers from 2013.
retail elephant	Business that dominates or monopolises an area.
retail investor	Ordinary individual who invests, as against an institutional investor.
retail price	Price at which goods are sold by a retailer to a customer.
retail price maintenance (RPM)	System of law which once operated in the UK under which a manufacturer set a retail price. Shops committed an offence if they sold goods for less than this price.
Retail Prices Index (RPI)	<p>Index that measures increases in prices of consumer goods.</p> <p>For general economic use, it has now largely been replaced by the consumer price index (CPI). However RPI is still used to index various tax allowances, social security payments and National Savings products.</p>
Retail Scheme	A method of arriving at the value of VAT due on retail sales where this is not separately identified at the point of sale. There are a number of these schemes.
retail service providers (RSPs)	Term used from 1997 for marketmakers when the SETS share trading system was used.
retailer	Shop or other business that sells goods directly to consumers.
retain	Keep rather than pass on, such as profits which are retained by the business for its future development or commission which a seller deducts from money collected.
retained amount	In relation to the lifetime allowance charge for pension contributions, the term is given a specific meaning in

Finance Act 2004 s215(7).

retained assets	Term used in Income and Corporation Taxes Act 1988 s444AB(6A) regarding the tax consequences of a transfer of annuity business.
retained earnings	Accumulated past profits, not distributed in dividends, available to finance investment in assets.
retained liabilities	Term used in Income and Corporation Taxes Act 1988 s444AB(6A) regarding the tax consequences of a transfer of annuity business.
retained profit	Profit of the period remaining after dividend has been deducted.
retainer	Money paid to someone other than as a reward for specific work, such as to be able to give advice or not to work for someone else.
retene	Hydrocarbon obtained from tar. Its formula is C ₁₈ H ₁₈ .
retention	The amount of risk retained by an insurance company and not reinsured. Also used in reference to the portion of premium that is used by the insurance company for administration costs.
retention notice	Notice that may be issued by the government to a public telecommunications operator to hold data (Data Retention and Investigatory Powers Act 2014 s1).
retention of title	Another name for reservation of title .
retention payment (construction industry)	A proportion of the contract price held back pending confirmation that the work has been properly carried out and that any faults have been remedied.
retention-positive	Description of an event which is intended to retain loyalties of customers, staff, suppliers or similar group. Such an event typically comprises lavish hospitality with a short speech of appreciation for the group. As costs of changing staff, finding new customers etc can be high,

such events can be easily cost-justified.

retiral

US term which means the same as **retirement**.

retire

Finish work, usually because a person has reached a particular age.

retirement

Process of ceasing full-time work at a particular age (often 65).

retirement age

Age at which a person **retires** from work.

retirement annuity

Financial arrangement very similar to a **personal pension**.

No new retirement annuity could be written from 1 July 1988 but existing retirement annuities may continue.

Their operation and benefits were almost identical to personal pensions, though they were governed by different rules. For example, a retirement annuity could not be paid until the age of 60, whereas a personal pension could be paid from 55.

Retirement annuity contract

A retirement annuity contract or trust scheme previously approved by the Board under Chapter 3 of Part 14 of Income and Corporation Taxes Act 1988.

retirement annuity trust

Form of retirement provision for the self-employed and others in non-pensionable employment that could be approved by Inland Revenue before 1 July 1988 under Income and Corporation Taxes Act 1988 Part 14 Chapter 3.

From 6 April 2006, such trusts are treated as a registered pension scheme.

retirement benefit plan

For accounting, "arrangements whereby an entity provides benefits for employees on or after termination of service (either in the form of an annual income or as a lump sum) when such benefits, or the contributions towards them, can be determined or estimated in advance of retirement from the provisions of a document or from the entity's practice" (FRS 102 glossary).

retirement benefit scheme

A retirement benefit scheme is any of the following a scheme which was approved under Chapter 1 of Part 14 of Income and Corporation Taxes Act (ICorporation Tax

Act) 1988; a relevant statutory scheme (as defined in s611A ICorporation Tax Act 1988).

retirement benefits

Amounts provided to a person who has retired, usually by the pension scheme.

retirement pension

Pension paid to a person who has **retired**.

retiring partner

Partner who leaves a partnership. Such a partner remains liable for debts and other obligations incurred before retirement (Partnership Act 1890 s17(2)) unless an agreement has been reached with the new partnership under *ibid* s17(3).

For tax, a retirement ends a partnership and creates a new one unless the old and new partners sign an election to treat them as one continuing partnership.

retraining course

If provided by an employer under certain conditions, this is exempt from income tax (Income Tax (Earnings And Pensions) Act 2003 s311).

It is a tax-deductible expense for corporation tax under Corporation Tax Act 2009 s74, and for income tax under Income Tax (Trading and Other Income) Act 2005 s74.

retrieval

In computing, process by which a computer accesses stored data.

retroactive

Description of tax provisions that apply to past periods. An example includes the treatment of **pre-owned assets**. Finance Act 2004 included several examples.

retrocession

A process by which a reinsurer obtains reinsurance from another company.

retrospection

Looking back.

For tax law, it is a long-standing convention that the law is not changed retrospectively. A taxpayer should be able to determine his or her tax liability when making a transaction. There is no constitutional arrangement that prevents a government from making such a change.

In practice, retrospective tax law is passed:

- from a date when the Chancellor of the Exchequer announced that the change was to be made,

- to correct an error or unintended consequence of a previous enactment, or
- to counter blatant tax avoidance.

Article 7 of the European Declaration of Human Rights forbids a trial of an offence that was not illegal when committed. In an Estonian case, this was successfully invoked when the Estonian tax authorities instituted criminal proceedings for tax offences committed between 1993 and 1995 using a law enacted in 1995. (*Puhk v Estonia. ECHR Case 55103/00 [2004]*).

retrospective application	In relation to accounting standards, “applying a new accounting policy to transactions, other events and conditions as if that policy had always applied” (FRS 102 glossary).
retrospective earnings	The PAYE provisions are given in PAYE regulations SI 2003 No 2682 reg 50A.
retrospective employment income	For PAYE, “means payments which are retrospectively treated as payments of employment income by virtue of retrospective tax provisions” (PAYE Regulations SI 2003 No 2682 reg 2(1)).
return	<p><i>Investment</i></p> <p>The yield or reward from an investment. The reward earned for investing money in a business. Return may appear in the form of regular cash payments (dividends) to the investor, or in a growth in the value of the amount invested.</p> <p>For shares, this usually means dividends plus capital gains.</p> <p><i>Document</i></p> <p>(2) Form which must be submitted as part of a financial procedure, such as a tax return or company’s annual return.</p> <p>For tax management, “includes any statement or declaration under the Taxes Acts” (Taxes Management Act 1970 s118(1)).</p>

return amendment	<p>An amendment made by a taxpayer to a return already submitted to HMRC.</p> <p>A return amendment may be made up to 12 months after the due date for the original return. Such an amendment may be to correct an error, give the exact figure where an estimate was previously provided or similar purpose.</p> <p>HMRC has an equivalent provision known as a repair, but their period is limited to nine months.</p>
return date	<p>(1) Date by which a return must be submitted.</p> <p>(2) For stock lending arrangements, "the date... on which the borrower transfers the relevant securities back to the lender" (Income Tax Act 2007 s597(3)).</p>
return of allotment	<p>Form that a company must make to Companies House within one month of allotting shares (Companies Act 2006 s555).</p>
return on ad spend (ROAS)	<p>Marketing measure on how much return has been generated by a specific advertising campaign.</p>
return on assets	<p>Profit divided by the net assets of the undertaking.</p>
return on capital	<p>Profit divided by net assets multiplied by 100.</p>
return on capital employed (ROCE)	<p>Operating profit before deducting interest and taxation, divided by share capital plus reserves plus long-term loans. Return on capital employed measures the profit as a percentage of the capital employed (the total capital invested in the business). It is a measure of how well the money invested in the business is providing a return to the investors.</p>
return on investment (ROI)	<p>Calculation used to determine the relative efficacy of an ad campaign in financial terms, in particular whether or not an ad campaign has generated more or less new revenue than it cost. Due to the direct response nature of many internet ad campaigns, it may be possible to determine ROI with much greater precision than, for example, a television commercial. The response to broader, branding-style campaigns may be more</p>

imprecise.

return on net assets

Ratio of profits of a business as a percentage of its average net assets.

return on shareholders' equity

Profit for shareholders divided by share capital plus reserves.

return on total assets

Operating profit before deducting interest and taxation, divided by total assets.

return path

The means by which a viewer may respond to an interactive advertisement. This usually requires connection to a digital telephone line or a DSL connection.

returns

Profits or income from investment.

return to work credit

Social security benefit that may be able for up to 52 weeks on starting a new job earning up to £15,000 a year.

The benefit is paid under Employment and Training Act 1973 s2.

The benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).

revalorise

Give a new value to, particularly of a currency.

revaluation

Process of attributing a different value to an asset to reflect the passing of time or some other factor.

The corporation tax consequences of revaluing an intangible asset are addressed in Corporation Tax Act 2009 s723.

revaluation method

Method for revaluing an asset, particularly the depreciation policy for a fixed asset.

revaluation provision

"A provision in respect of a diminution in value of a fixed asset appearing on a revaluation of all the fixed assets of the company, or of all its fixed assets other than goodwill" (Companies Act 2006 s841(3)).

revaluation reserve

The claim which owners have on the **assets** of the business because the balance sheet records a market

	value for an asset that is greater than its historical cost.
revalue	Attribute a different value to an asset or liability.
revenge porn	Making public a nude or sexually explicit photograph of someone without their consent, such as to embarrass a former girlfriend. This is a crime from 13 April 2015 under Criminal Justice and Courts Act 2015 s33.
Revenue, The	Term sometimes used to mean Inland Revenue or (from 2005) the departments of HMRC that deal with direct taxes.
revenue	<p>Income created by a transaction or event arising during the ordinary activities of the business which causes an increase in the ownership interest.</p> <p>“The gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in an increase in equity, other than increases relating to contributions from equity participants” (FRS 102 glossary).</p> <p>“Revenue is income that arises in the course of the ordinary activities of an entity, and is referred to by a variety of names including sales, fees, interest, dividends, royalties and rent” (FRS 102 section 2.25(a)).</p> <p>The standard says that revenue is one of the two elements of income. The other is gains.</p>
revenue account	<p>Account which deals with income and expenditure of the day-to-day activities, as against a capital account.</p> <p>For local authorities, the term is defined in Local Government Act 2003 s22.</p>
Revenue Adjudicator	Original name for the Adjudicator .
Revenue and Customs affairs	In relation to HMRC's powers to seize money from a taxpayer's bank account without needing the permission of any court, the term “in relation to a person by whom a relevant sum is payable, means any affairs of the person which relates to the relevant sum” (Finance (No 2) Act 2015 Sch 8 para 5(4)).
Revenue and Customs briefs	Revenue and Customs briefs are bulletins giving information on developments and changes of interest.

They are used to announce changes in policy or to set out the legal background to an issue and have a 6 month life span (HMRC website).

Revenue and Customs Prosecution Office (RCPO)

Body formed to conduct prosecutions for HMRC but independently from them. Their operation is similar to the Crown Prosecution Service.

The RCPO is headed by a director appointed by the Attorney General.

The current law for RCPO is Commissioners for Revenue and Customs Act 2005 s34.

revenue charge

In VAT, the general rule that tax is charged according to the country where the supplier is based.

There are several exceptions to this rule, particularly with regard to intra-EU supplies.

Revenue Decision (RD)

Statements from Inland Revenue (now HMRC) which clarify a point of tax law. Some were issued in 1983 since when no more have appeared.

They appear identical in purpose and status to **Revenue Interpretations**.

revenue expenditure

Money spent on the day-to-day activities of an organisation or individual, as against **capital expenditure**.

revenue expense

An amount spent on the day-to-day activities of an organisation or individual, as against a capital expense.

Revenue Interpretation (RI)

A formal statement from HMRC (or Inland Revenue) on its view of a particular law. They were first issued in February 1983.

A taxpayer who follows an RI will not have that view challenged. However a taxpayer who dissents from an RI may adopt a different interpretation. The taxpayer should disclose this to HMRC, such as by an appropriate statement in the **white space** on a tax return.

revenue ledger

Record of all income and expenditure received by an organisation.

Revenue-neutral policies

If the government decide to reduce the level of taxation, they may also want to reduce the level of government

expenditure by an equivalent amount. This would mean that the tax cut has no effect on the PSNCR (the level of government borrowing). It is therefore termed a revenue-neutral policy.

revenue officer

Person who works within a tax authority.

revenue recognition

Accounting

The point at which sales income is recorded in the accounts of a trading organisation.

There is no formal accounting standard on this point, though some guidance may be discerned from Financial Reporting Standard FRS 5 and UITF 40.

In practice, this is usually when an invoice is issued, that is when the trader has discharged either all the obligations to the customer, or had discharged such part of them as justifies a payment. This is generally known as **accruals accounting**.

Tax implications

Sometimes a business may take the later stage of when the customer has paid. This is generally known as **cash accounting**. It is generally not acceptable for income tax or corporation tax; it is acceptable for VAT up to a monetary limit.

Other tax implications of revenue recognition are discussed in the Inspectors' Manual from BIM40075.

revenue reserves

Money put aside for day-to-day spending.

Revenue Scotland

Body that collects the devolved taxes in Scotland. It is a **non-ministerial department** of the Scottish administration.

It is established by Revenue Scotland and Tax Powers Act 2014 s2(1).

Revenue Scotland assessment

“Means an assessment under section 98(2) or 99(1) as the case may be” (Revenue Scotland and Tax Powers Act 2014 s100).

These sections respectively refer to underpayment of tax, and overpayment of a tax refund.

revenue sharing	Distribution of revenue income, particularly within a partnership.
revenue spending	In relation to local authorities, means spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from the council tax, government grants, fees and charges.
Revenue Support Grant	The main government grant to support local authority services.
revenue trade provisions of the customs and excise Acts	This term is defined in Customs and Excise Management Act 1979 s1(1).
revenue trader	A person importing, exporting, producing, handling, processing, packaging, transporting or dealing in goods chargeable with excise duty. A full definition is given in Customs and Excise Management Act 1979 s1(1).
revenue vessel	Any ship, boat or similar used by Customs in connection with preventing or detecting smuggling. Provisions regarding such vessels can be found in Customs and Excise Management Act 1979 from s82.
Reverend	Title used by a clergyman.
reverse	(1) Change a decision or record to the opposite, such as correcting a mistake in financial records. (2) The back or "tails" of a coin, as opposed to the obverse .
reverse accounting	In VAT, accounting for reverse charges .
reverse auction	When a business offer itself for auction to the highest bidder. An example was EE offering itself to British Telecom in autumn 2014. It is also used when bidding for services, where the lowest price prevails. A common example is crowdfunding or peer-to-peer lending.

- reverse burden of proof** Where the **burden of proof** is on the opposite party to the one on whom the burden would otherwise fall.
This arises particularly in claims for sex discrimination or racial discrimination. If an employee, for example, can prove that an employer's action disadvantageously impacts on one sex or one race more than others, the burden of proof is then reversed so the employer must show that the action was not sexually or racially motivated.
- reverse charge** Normally, it is the supplier of goods or services who must account to HM Revenue & Customs for any VAT due on supplies. In certain situations, however, it is the customer who must account for the VAT instead. Also known as Tax Shift.
The reverse charge for gas and electricity to the UK is set out in Value Added Tax Act 1994 s9A.
- reverse engineering** In computing, a process of analysing someone else's software to make your software compatible with it.
- reverse leverage** Borrowing money at a rate of interest which is *higher* than the expected return on capital.
- reverse premium** Payment by a landlord to persuade someone to lease a property.
From 9 March 1999, such premiums are treated as revenue receipts. The law is Corporation Tax Act 2009 from s96.
Corporation tax provisions for their receipt are given in Corporation Tax Act 2009 from s250. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 s311.
The position before this date is discussed in the Inspectors' Manual at BIM 35610.
- reverse priority order** In relation to HMRC's power to seize funds in a taxpayer's bank account without needing the permission of any court, means "the reverse of the order determined under sub-paragraph (5)" (Finance (No 2) Act 2015 Sch 8 para 7(6)).
- reverse takeover** Takeover where the company being taken over becomes the new owner of the acquiring company. This is achieved

by the acquiring company shareholders exchanging their shares for those in the acquired company. A reverse takeover happens when the company taken over is seen as a more appropriate vehicle for the new group. An example is when a trading company takes over a listed **shell company** as a shortcut to getting a Stock Market listing.

reverse yield gap

Amount by which a bond yield exceeds equity yield or interest rates. It is usually expressed as a percentage of the cost of the underlying assets.

reversing entry

Entry made in the accounts to correct an error.

It is generally good accounting practice to make *two* entries: one to reverse the incorrect entry (and for both of them to be cross-referenced as such) and then the correct entry.

reversion

Any legal or practical process which passes the ownership of an asset or liability to someone who previously owned it.

For leases, the term "means the interest of the landlord in the property subject to the lease" (Income Tax (Trading and Other Income) Act 2005 s307(3)).

reversionary annuity

An annuity paid to someone on the death of someone else, such as to the husband or wife of the annuity holder.

reversionary bonus

Bonus added to the value of a **with profits** policy each year.

reversionary interest

Interest in real or personal property in remainder or reversion.

For inheritance tax, the term "means a future interest under a settlement, whether it is vested or contingent (including an interest expectant on the termination of an interest in possession where, by virtue of section 50 below, is treated as subsisting in part of any property) and in relation to Scotland includes an interest in the fee of the property subject to a proper liferent" (Inheritance Tax Act 1984 s47).

review

General

General examination. It particularly applies to a review of

a year in the life of an or, or an occasion to review the pay of an employee.

Tax disputes

In relation to tax disputes, it means the process whereby a taxpayer may ask for a matter to be looked at by another tax officer who has not been involved the issue for an independent opinion. A request for such a review is at the discretion of the taxpayer, and does not compromise his right to proceed to start proceedings.

The right for VAT is given in Value Added Tax Act 1994 from s83A.

Tax tribunals

For tax tribunals, the limited right of a tax tribunal to consider whether there was an error of law in a previous decision, as set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 41.

review period

For determining national insurance rates, means the period from 1 October to 30 September for every year starting in 1998 (Social Security Administration Act 1992 s148A).

revise

Change something from a planned or previous figure. An example is when a figure in a budget is revised during a year in the light of trading experience in the opening months.

revised accounts

In company law, accounts which are issued after accounts for the same period have been published (Companies Act 2006 s454).

revive

Give life back to something which is otherwise of no effect. An **acknowledgment of debt** can revive a debt which is **statute-barred**.

revived will

Will that had been revoked, and then made effective again by a codicil withdrawing the revocation.

revocation

Act of revoking something. In contract law, an offer may be revoked before the other party has accepted it.

revocation event	In relation to the currency of an investment company, the term is defined in Corporation Tax Act 2010 s9B.
revocation notice	Notice from HMRC that it is cancelling an exemption for an employer to provide a tax-free benefit or payment to an employee (Income Tax (Earnings and Pensions) Act 2003 s289C(1)).
revocation of probate	Where probate is revoked having been granted. This may happen if a later will is found, or if there is other sufficient cause.
revocation order	In relation to climate change levy, an order revoking a previous order that excludes a recycling process from the charge (Finance Act 2011 s80(4)).
revolver	For criminal law, "in relation to a smooth-bore gun, means a gun containing a series of chambers which revolve when the gun is fired" (Firearms Act 1968 s57(2B)).
revolving credit	System where someone may borrow any amount to a fixed limit, including borrowing while making payments. All credit cards offer revolving credit.
revolving loan	A loan where the borrower may borrow up to a fixed limit, and may continue to borrow up to that limit while making repayments.
reward	(1) Payment in recognition of a benefit received. The right of HMRC to pay rewards is given in Commissioners for Revenue and Customs Act 2005 s26. (2) For air passenger duty, "in relation to the carriage of any person, includes any form of consideration received or to be received wholly or partly in connection with the carriage, irrespective of the person by whom or to whom the consideration has been or is to be given" (Finance Act 1994 s43(1)).
reward for failure	Bonus or similar incentive which is payable to a director or senior manager even when the person fails to do their job properly. The term started to be used in 2008 in the context of directors of banks who continued to be paid

huge bonuses despite the failure of their banks.

reward for services

Term used in cases concerning the tax liability of employment income. For example, in the case *Hochstrasser v Mayes [1960]*, Upjohn J said that a profit from employment "must be in the nature of a reward for services, past, present or future". The inspectors' manual at EIM 00610, however, states that "the words 'reward for services' should not be taken too literally".

REX

Registered Export Scheme.

rex non potest peccare

Latin: the king can do no wrong.

This principle extended to government meaning that the citizen had no redress against the government. This was addressed in Crown Proceedings Act 1947. For tax purposes, it is also addressed by appeals procedures and by such bodies as the ombudsman and Revenue Adjudicator.

rex nunquam moritur

Latin: the king never dies. The monarchy and government continues automatically on the death of a monarch.

Reynaud

Leading case on **associated operations** for discretionary trusts. Four brothers transferred shares in a family company to a discretionary trust from which the company and an unrelated purchaser bought the shares. Inland Revenue unsuccessfully argued that these were associated operations. The decision is *Reynaud v CIR [1999] SpC 196*.

RFC

Release for free circulation, term used in relation to customs duties and VAT on imported goods.

RFU

Rugby Football Union.

RFTU

Road Fuel Testing Unit, a mobile unit which tests fuels in both vehicles and terminals to detect oils that are being misused and to ensure that the revenue is protected.

RG

Reversed gain, in the formula in Corporation Tax Act 2009 s732(3).

RGD	Remote gaming duty.
RGR	Returned Goods Relief , a system of duty relief for goods previously exported from the European Union (EU) and re-imported in the same state as at export.
RHA	Road Haulage Association - The Road Haulage Association is a trade organisation representing the UK road haulage industry.
Rhadamanthine	Rigorously just and severe, like Rhadamanthus in Greek mythology.
Rhagfyr	Welsh: December.
RHDI	Real household disposable income.
Rheolwr ac Archwilydd Cyffredinol	Welsh: Comptroller and Auditor General.
RHI	Renewable Heat Incentive.
rhino	Slang term for money in 17 th century.
rhinoceros	Endangered animal. The importation of the animal or its products is generally prohibited under CITES convention .
rho	Seventeenth letter of Greek alphabet indicated as P and ρ. The number denoted 100.
RI	Indexation factor for chargeable gains subject to corporation tax. The RI refers to the month in which a fixed asset was acquired, or to March 1982. For every month of disposal from April 1982, tables of factors are produced for RIs going back to March 1982. These tables are no longer used for capital gains tax .
rial	Currency of Iran. It is also an alternative form of riyal , currency of Oman, Saudi Arabia and Yemen.
riba	Islamic term for usury . In this context this means all charging of interest, which is forbidden under Sharia law. There are two types of riba:

- increase in capital without providing any services; and
- commodity exchanges of unequal amount.

RIBA	Royal Institute of British Architects. Their contracts are widely used for building projects.
ribbon development	Development of housing along new roads. It was effectively outlawed by Town and Country Planning Act 1947.
Richard I	King of England from 1189 to 1199. Known as the Lionheart.
Richard II	King of England from 1377 to 1399.
Richard III	King of England from 1483 to 1485.
Richardson, Gordon	English banker (1915-2010) who was governor of the Bank of England between 1973 and 1983.
rider	An amendment to an insurance policy that modifies the policy by expanding or restricting its benefits or excluding certain conditions from coverage.
Riding	One of the three traditional divisions of Yorkshire.
riding hat	This may be zero-rated for VAT as children's clothing up to size 6.5. This ruling was unsuccessfully challenged in the VAT case <i>Charles Owen & Co (Bow) Ltd [1003] VTD 11267</i> .
RIE	Recognised investment exchange.
riel	Currency of Cambodia.
rien ne va plus	French: nothing goes any more. Expression used by croupiers that no more bets may be placed.
RIF	(1) Risk Information Form. (2) Realistic imitation firearm.
rifle	"Includes carbine" (Firearms Acr 1968 s57).

right	Legal entitlement to something. One person can only have a right if someone else has a duty to provide it.
right first time, every time	Management term for the approach that the perfect product or service should be provided from the beginning.
right holder	<p>“The holder of a trade mark, copyright, right in a performance, design right, patent, supplementary protection certificate, plant variety right, protected designation of origin, geographical designation, any person authorised to use those rights or an authorised representative” (Customs notice 34).</p> <p>Customs may seize goods where the rights of the right holder are infringed.</p>
Right Honourable	Title given to privy councillors, peers below the rank of Marquis and to some Lord Mayors and Lord Provosts.
right in a design	For the purposes of income tax deducted from royalties, this term is defined in Income Tax Act 2007 s907(2).
right of admission	Right to be admitted to premises. If this is granted in return for a charitable donation under Gift Aid, the right must meet the conditions set out in Income Tax Act 2007 s420, failing which the donation may not qualify for tax relief.
right of audience	<p>Right to be heard in a court.</p> <p>Under English law, this right rests in:</p> <ul style="list-style-type: none">• a barrister• a solicitor who has been admitted or enrolled to conduct litigation in the lower courts, or who is a solicitor advocate• any citizen in a case in which they are a party (with a few exceptions).
right of members to require audit	<p>The right of shareholders or other members of a company to demand that the accounts be audited, even though the company meets the conditions for exemption from audit.</p> <p>This right may be exercised by members who hold at least 10% of the company's voting rights (Companies</p>

Act 2006 s476).

- right of prior use** Term used in Registered Designs Act 1949 s7B as inserted by Intellectual Property Act 2014 s7.
- right of substitution test** One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of **IR35**.
- right of way** The right to pass over land.
Profits from this are taxed as if it were a trade (Income Tax (Trading And Other Income) Act 2005s12).
- rights** Those things to which a person or organisation is entitled, usually by law.
- rights issue** An issue of shares where a company gives its existing shareholders the right to buy more shares in proportion to those already held.
- right to be heard** Legal right of **natural justice** that a person accused of crime or other wrongdoing should have the opportunity to make representations before suffering any penalty or detriment.
This is not a precisely defined right. The issue was discussed in *Ridge v Baldwin* [1964] AC 40 and in *Russell v Duke of Norfolk* [1949] 1 All ER 109.
- right to buy legislation** Laws that allowed tenants to buy their council houses and similar property.
The laws are Housing Act 1985 Part V and Housing (Northern Ireland) Order 1983 Chapter I of Part II.
These laws are referred to in Finance Act 1988 Sch 4 para 13 in the context of the Business Expansion Scheme.
- right to collective enfranchisement** Right given to leaseholders under Leasehold Reform Housing and Urban Development Act 1993 s4A, and which may be exercised by an **RTE company**.
- right to manage (RTM)** Description of a company formed to manage property, known as an **RTM company**. The term is used in Commonhold and Leasehold Reform Act 2002 s71 with regard to leasehold property. The section allows this right

	to be acquired by an RTM company .
right to price reduction	For consumer contracts, a right in respect of faulty goods as set out in Consumer Rights Act 2015 s24(1).
right to repair or replacement	A consumer's right to have faulty goods repaired or replaced as set out in Consumer Rights Act 2015 s23.
right to reside	Right to live in the UK. This is a condition for claiming some social security benefits. The right is held by all UK nationals, and by nationals of other EU states who are working or self-employed in the UK.
RIH	Right ingual hernia. Common abbreviation for sick notes (HMRC leaflet E14).
Riksdag	Swedish parliament.
RILOR	Recompense in lieu of relocation, in armed forces.
ring	In purchase tax, the term was used for registered suppliers who were allowed to supply goods to each other free of tax. This provision was abolished in 1973 with the tax.
ring fence	Process by which assets, liabilities, income and expenditure are considered separately from the other assets, liabilities, income and expenditure. Ring-fencing may be for legal or financial reasons. Legal reasons may be for tax purposes, such as for tonnage tax .
ring fence amount	Figure used to calculate corporation tax on ring fence profits , as explained in Corporation Tax Act 2010 s22.
ring-fenced	When activities are regarded separately from other activities, usually become some different rules or tax provisions provide. Examples of ring-fencing in taxation can be found for real estate investment trusts and tonnage tax .
ring fence expenditure supplement	An allowance that may be claimed by the oil industry in calculating its corporation tax. The tax provisions are set

out in Corporation Tax Act 2010 from s307.

ring fence fraction

For corporation tax, the fraction that is used to determine the rate of tax on ring-fenced profits of the oil industry that fall between the lower and higher limits (Corporation Tax Act 2010 s276).

Figure used to calculate corporation tax on **ring fenced** profits (Corporation Tax Act 2010 s20(3)).

ring fence income

Income which must be considered separately from other income, particularly income from oil extraction (Income Tax Act 2007 80(1)).

For corporation tax, the term "means income arising from **oil extraction activities** or **oil rights**" (Corporation Tax Act 2010 s275 and Income Tax (Trading and Other Income) Act 2005 s225C).

ring fence pool

Term used in connection with ring fence profits of the oil and gas industries. The term is defined in Corporation Tax Act 2010 s326.

ring fence profits

For corporation tax, "in relation to an accounting period means —

- (a) if in accordance with section 197(3) of [Taxation of Capital Gains Act 1992] a company has an aggregate gain for that period, that gain and that company's **ring fence income** (if any) for that period, or
 - (b) otherwise, the company's ring fence income for that period"
- (Corporation Tax Act 2010 s276).

ring fence trade

Trade whose income is ring-fenced for tax purposes and not mixed with other income (Income Tax Act 2007 s87). The most common example is oil extraction.

Provisions relating to capital allowances are given in Capital Allowances Act 2001 s45F.

For corporation tax and the oil industry, the term "means activities which —

- (a) are within the definition of **oil-related activities** in section 274, and
- (b) constitute a separate trade (whether because of section 279 or otherwise)"

(Corporation Tax Act 2010 s277 and Income Tax (Trading

and Other Income) Act 2005 s225D).

ringing the changes

Criminal slang for stealing a car and changing its number plates for resale.

riot

When 12 or more people engage in or threaten violence. The conduct must be such that a reasonable person fears for his or her safety.

If property is damaged, destroyed or stolen in a riot, an uninsured person may claim from the police. For an insured person, the insurance company may claim from the police. The law is now Riot Compensation Act 2016, which replaces Riot (Damages) Act 1886.

A riot is defined in Public Order Act 1986 s1, except that the 2016 Act s1(6) excludes the compensation provisions from an enclosed place, such as a prison, hospital, asylum centre or young offender institution.

riot claims bureau

Body that may be established by the Secretary of State to deal with claims for riot compensation. (Riot Compensation Act 2016 s6(1)).

riparian

Pertaining to a river, or an owner of land next to a river.

RIPI

Relevant intellectual property income.

RIS

Regulatory Information Service.

rise

(1) Increase or growth of something represented by a figure or amount.
(2) Pay increase.

risk

Chance that something adverse will happen. Risk can rarely be avoided but can usually be mitigated, see **risk mitigation**.

In investment, factors that may cause the profit or cash flows of the business to fluctuate.

“Uncertainty as to the amount of benefits. The terms includes both potential for gain and exposure to loss” (FRS 5 para 5).

“In respect of an occurrence assessed and expressed (as for insurance and scientific purposes) as a combination of the probability of the occurrence with its potential consequence” (Flood and Water Management

Act 2010 s2(1)).

risk analysis

In **project management**, the various processes for identifying, preventing and mitigating risks.

The stages are broadly:

- identify the risks
- assess the chance of each risk occurring
- assess the impact on the project if the risk happened
- identify measures to prevent the risk occurring
- identify contingent arrangements to ameliorate the consequences of a risk happening.

risk arbitrage

Business of buying shares in companies which are expected to be taken over and thus expected to rise in value.

risk arbitrageur

Person who engages in **risk arbitrage**.

risk-adjusted return on capital

Figure which is equivalent to **return on capital**, but which has been multiplied by a factor between 0 and 1 to reflect the element of risk.

risk assessment

Formal process of determining risks faced by an organisation according to likelihood and impact.

risk asset ratio

In banking, the proportion of the assets which are in risk assets.

risk-based pension protection levy

Part of **pension protection levy** which may be made under Pensions Act 2004 s75. The other part is the **scheme-based pension protection levy**.

risk capital

Another term for **venture capital**.

risk capital schemes requirement

Term used in Income Tax Act 2007 s292A in relation to **venture capital trust** tax relief. The requirement is basically that the company may not receive more than £2 million as VCT investment in a tax year.

risk finance investment	In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s164A(3) as inserted by Finance (No 2) Act 2015 Sch 5.
risk management	Managerial processes to reduce the adverse consequences of a risk . Traditionally these involve: <ul style="list-style-type: none">• steps to prevent the risk happening (eg fire precautions);• steps to minimise loss from risk occurring (eg fire extinguisher);• steps to mitigate the loss (eg fire insurance). In relation to floods, a full legal definition is given in Flood and Water Management Act 2010 s3.
risk premium	Additional payment to investors in risky ventures. Such a premium is often added to the dividend.
risk-reward ratio	The requirement for a risky venture to provide a disproportionately higher return than a safe venture. If a safe return provides 5%, and a risky has a 50% chance of producing no return (but preserving the capital), the risk-reward ratio would require a return <i>above</i> 10%.
risk transfer	Any arrangement by which a financial risk is transferred to another person. Finance Act 2010 s46 and Sch 19 contains provisions to restrict tax relief to the underlying economic reality.
risk transfer scheme	Arrangement to avoid tax. There are provisions in Corporation Tax Act 2009 from s937A. The term is defined in s937C.
risk-weighted assets	Assets which include off-balance sheet items for insurance purposes.
Ritchie, Charles	Scottish Conservative politician (1838-1906) who was Chancellor of the Exchequer from 11 August 1902 to 9 October 1903 in the Conservative government of Arthur Balfour. He was sacked for opposing a preferential tariff.
ritual slaughter	The ritual slaughter of animals according to Jewish law was held to be zero-rated as part of the process of providing zero-rated meat for human consumption. <i>The</i>

London Board for Shechita [1974] VATD 52.

rix-dollar	Old Dutch silver coin that was currency in many countries.
riyal	Currency of Yemen.
RL	Recognised loss, in the formula in Corporation Tax Act 2009 s732(3).
RL13	<p>“The amount by which AL13 exceeds VE” (Income and Corporation Taxes Act 1988 s444ABB).</p> <p>These are figures shown on Form 14 completed by life assurance companies, and are used to calculate the companies’ retained assets in determining their tax liability.</p>
RMAR	Retail Mediation Activities Return, that may be required by the Financial Services Authority.
RMB	Abbreviation: remnimbi, a currency of China.
RMBS	Residential mortgage-backed security.
RMP	Remote Marking Premises - Duty Paid Terminals (unbonded premises and plants) that have been registered and approved to mark oils.
RMPP	Royal Mail Pension Plan.
RNG	Random number generator.
RNLI	Royal National Lifeboat Institution.
RNRB	Residence nil rate band.
RO	Country prefix code for Romania.
ROA	Return on assets
road	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).

- road construction vehicle** For oil duty, this was a category of except vehicle under Hydrocarbon Oil Duties Act 1979 Sch 1 para 12.
From 1 April 2008, the exception comes within the scope of **road surfacing vehicles** under ibid para 12A as inserted by SI 2007 No 93.
- road-friendly suspension** Term used in Vehicle Excise and Registration Act 1994 Sch 1 para 11C in relation to determining vehicle excise duty on goods vehicles
“A goods vehicle does not have road-friendly suspension if any driving axle of the vehicle has neither —
(a) an air suspension (that is, a suspension system in which at least 75 per cent of the spring effect is caused by an airspring), nor
(b) a suspension which is regarded as being equivalent to an air suspension for the purposes under Annex II of Council Directive 96/53/EC” (Vehicle and Excise Registration Act 1993 Sch 1 para 11D(2) as inserted by Finance Act 2011 s22(5)).
This provision applies from 1 April 2011.
- road fuel** *Definition*
Fuel for a mechanically propelled vehicle constructed or adapted for use on roads. The commonest forms, in order, are petrol, diesel and liquid petroleum gas (LPG).
Excise duty
Road fuels are subject to an excise known as **hydrocarbon oil duty**.
Income tax
When an employer provides road fuel to an employee for his or her private use, the employer may be liable to pay income tax on the **car fuel benefit**.
Value added tax
Where the employer recovers input tax on road fuel provided for the employee's private use, the VAT return must be adjusted (Value Added Tax Act 1994 s56).
- road fuel gas** “Means any substance which is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and which is for use as fuel in road vehicle” (Hydrocarbon Oil Duties Act 1979 s5 and Income Tax (Earnings And

Pensions) Act 2003 s171(1)).

Excise duty is charged under Hydrocarbon Oil Duties Act 1979 s8.

In the UK there are two types of such gas in use: compressed natural gas (CNG) and liquid petroleum gas (LPG). Company cars which run on this fuel may attract a lower rate of tax for the employee.

For employment income, there is a special provision in Income Tax (Earnings And Pensions) Act 2003 s146.

road-pricing

Proposed additional tax on motorists, charging per mile for using certain roads at certain times. Such a system needs cars to be fitted with chips or for significant infrastructure expenditure. The proposed tax is in addition to congestion charges, low emission zone charges and all other taxes imposed on driving.

road roller

Road vehicle which is category G on a driving licence.

For oil duty, "a road roller is an excepted vehicle" (Hydrocarbon Oil Duties Act 1979 Sch 1 para 13).

road safety grant

Grant which a transport authority may make to a local authority for measures to promoted road safety (Road Traffic Act 1988 s40).

road surfacing vehicle

"Means a vehicle which —

(a) is designed and constructed to perform an operation necessary to construct or restore the surface of a road,|

(b) does not carry any load on a public road except such as is necessary for its propulsion or for the operation of any machinery built-in or permanently attached to the vehicle, and

(c) has a maximum speed not exceeding 20 kilometres per hour"

(Hydrocarbon Oil Duties Act 1979 Sch 1 para 13A).

road tax

Colloquial name for **vehicle excise duty**.

road vehicle

For oil duty, "means a vehicle constructed or adapted for use on roads, but does not include any excepted vehicle" (Hydrocarbon Oil Duties Act 1979 s27(1)).

ROAS	Return on ad spend.
roasting	A step inserted into the brewing process at kilning to produce a dark beer.
Robert I	King of Scotland from 1306 to 1329. Also known as Robert the Bruce.
Robert II	King of Scotland from 1371 to 1390.
Robert III	King of Scotland from 1390 to 1406.
Robin Hood	Legendary medieval outlaw who robbed from the rich to give to the poor. By extension the term is used to describe people or taxes with a similar objective.
Robinson, Peter	Irish DUP politician (1948-) who was First Minister of Northern Ireland from 5 June 2008 to 10 September 2015.
ROCE	Return on capital employed.
ROCH	Recognised overseas clearing house.
rockets	Items in the list of explosives for which there may be special Customs provisions (Explosives Act 1875 s3(1)).
rock-tar	Old name for petroleum .
ROCU	Regional organised crime unit.
rod	(1) For length, an old unit of length equal to 5½ yards or 16½ feet. (2) For brickwork, 272½ cubic feet.
ROE	Return on equity.
rogue and vagabond	Person who commits an offence under Vagrancy Act 1924 s4.
ROI	Return on investment.

ROIC	Term used in relation to pensions in the formula in Finance Act 2004 s222(7).
ROIE	Recognised overseas investment exchange.
ROL	Remote operating licence.
role	Part played by an actor. By extension, the term in human resources means the function performed by a person in an organisation.
roll	Scroll, piece of paper listing names or details, the names or details so listed.
rolled gold	Metal coated with a very thin layer of gold.
rolled-up coupons	Interest coupons on securities where no payment is made, but the value is added to the capital.
rolled-up holiday pay	<p>When payment for holiday is not made at the time of the holiday but as an addition to pay for all weeks that the employee is at work with no payment at all for the weeks on holiday.</p> <p>The Working Time Directive specifies a minimum period of paid leave to which all workers are entitled. The European Court of Justice has made it clear that it would like to see rolled-up holiday pay outlawed, however it has also been held that it does not contravene the directive provided the rolled-up holiday pay is made “transparently and comprehensively”. Useful guidance on this has been provided by the Employment Appeal Tribunal in <i>Lyddon v Englefield Brickworks</i>. EAT [2007]</p>
rolled-up indexation	For capital gains tax, indexation on a rolled-over disposal (Taxation of Capital Gains Act 1992 s55(9)).
rolling account	US term for the stock market system where there is no fixed account days but where transactions are settled as they occur.
rolling budget	Budget which proceeds during the year on a cumulative basis, usually one month at a time.

rolling settlement	Another name for rolling account .
rolling up	Adding a profit or gain from one period to that of a future period.
rollover	<p>(1) In accounting, any arrangement which extends what would otherwise be the term of a financial provision. Examples include extending a fixed period loan, or using the proceeds from the sale of an asset to buy another asset.</p> <p>(2) In relation to lotteries, "an arrangement whereby the fact that a prize is not allocated or claimed in one lottery increases the value of the prizes available for allocation in another lottery" (Gambling Act 2005 s256).</p>
roll-over relief	<p>Tax relief for capital gains tax. If the proceeds from the disposal of certain categories of fixed asset are used to buy a similar asset, the tax is postponed until the disposal of the new asset, unless rolled over again. So if a business sells its premises and uses the proceeds to buy new proceeds, it pays no tax.</p> <p>The relief is set out in Taxation of Capital Gains Act 1992 s152. A separate relief may be claimed for transfer of a business (ibid s162).</p> <p>[Note that the Act hyphenates roll-over.]</p>
Rolls-Royce	Name of company that produces luxury cars and aeroplane engines, the cars it produces. By extension the term is often to mean the highest quality of a product. It should be remembered that Rolls-Royce is a trade name, and this use of the term could lead to legal difficulties.
roll up	To aggregate, consolidate or accumulate. The term is commonly used for extending a loan by consolidating the interest accrued so far as capital on a new loan.
Romalpa clause	<p>Reservation of title clause in a contract for sale of goods.</p> <p>This means that ownership of the goods does not pass to the buyer until he has paid for them. In an insolvency, the seller can therefore take the goods back and does not have to be listed as an unsecured creditor, which usually means receiving little or no payment.</p> <p>In accounting, such a clause is ignored in</p>

determining **control** of an asset.

The name comes from the case *Aluminium Industrie Vasseen BV v Romalpa Aluminium Ltd [1976] 2 All ER 577. CA.*

Roman characters

Letters and other symbols that are used in ordinary English, as against symbols used in (for example) the Cyrillic alphabet.

Under company law, a document written in non-Roman characters must be submitted with a transliteration into Roman characters (Companies Act 2006 s1110).

In printing, the term is often used to mean type that is neither bold nor italic.

Romania

East European country that is a member of the European Union. Its currency is the new leu (plural lei). The UK has a double taxation convention of 1975.

RON

ISO code for Romanian new leu.

Roneo

Trade name for duplicating machine that used stencils.

rook

Old term for someone who cheats at a game of chance or skill.

Rooker-Wise Amendment

Requirement introduced in 1977 that the main income tax allowances should be increased each year in line with inflation unless Parliament decides otherwise (which it had done many times). This provision is now enacted as Income Tax Act 2007 s21.

The provision is named after the then Labour MPs Geoff Rooker and Audrey Wise.

rookie

Slang term for inexperienced beginner.

root

Fractional power of a number used in such calculations as to calculate what rate of compound interest is represented by an increase in value over a period.

It is expressed in the form A^{-n} . This will give the number which when multiplied by itself n times will give A . If n is 2, the root is called a square root.

root and branch	Description of the entirety of something.
root of all evil	Is not money, but the <i>love</i> of money, according to the Bible (1 Timothy 6:10).
Rorschach test	In psychology, test designed to indicate intelligence, personality and mental state by showing the subject a series of ink blots.
Rosbery, 5th Earl of	English Liberal peer (1847-1929) who was prime minister from 5 March 1894 to 22 June 1895.
rose noble	Gold coin issued between 1465 and 1470, worth ten shillings.
roster	List of employees and their duties.
rouble	(1) Currency of Russia. (2) Currency in Belarus.
roulette	<p>Gambling game of chance where players put a stake on a number or group of numbers and win if that number is selected by a ball on a spinning tray.</p> <p>The game exists in two forms known as American roulette and French roulette.</p> <p>Both games are specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty.</p>
round	<p>Term which has acquired many specialist meanings in different contexts, including:</p> <p>(1) Description of a number of few significant figures such as 50 rather than 47.87 (see rounding).</p>
round dealing	Honest dealing. Curiously, it has the same meaning as square dealing.
round down	Reducing a number to express it to fewer significant figures, eg 24.7 can be rounded down to 24.
round figure	<p>A sum which has just one or two significant figures, such as 34,000 or 12,000,000.</p> <p>For tax, the use of round figures may suggest that the amounts have been estimated and not accurate. Any</p>

estimation in a tax return must be explicitly stated and justified. The correct figure should be used once ascertained.

rounding

Mathematical process of adjusting a figure to express it with sufficient accuracy. The general rule for rounding is that decimals of .5 or above are rounded up, and decimals of below .5 are rounded down. So 134.5 and 134.7 would be rounded to 135, but 134.2 and 134.4 would be rounded down to 134.

For tax, the general rule is that amounts of income are rounded to the nearest pound, and tax to the nearest penny. The rounding is always in the taxpayer's favour, so a taxable income of £24,269.98 is regarded as £24,269.

In a parliamentary statement of 18 May 1993, it was stated that Inland Revenue (now HMRC) would accept computations for corporation tax rounded to the nearest £1,000 provided:

- (a) the turnover of the business is at least £5 million in the current year or previous year;
- (b) the company accounts are prepared to the nearest £1,000;
- (c) the rounding is fair, unbiased, defined in the accounts and consistently used; and
- (d) any program or software used in the rounding is identified.

The limit of £5 million in (a) relates to the company and not to a group of companies.

For VAT, the European Court of Justice has ruled that the UK is free to make its own rules on rounding: *re Wetherspoon [2009] Case C-302/07*.

round off

Reduce the digits in a decimal number by removing the final zeros. Sometimes the term is used to mean simply rounding.

round robin

Petition or protest where the signatures are arranged so that no name heads the list. This is to protect the first signatory from reprisal.

roundsmen

Old term for 18th century paupers who were sent from house to house to find work. The practice ended in 1834.

round sum allowance	<p>Addition to an employee's pay to cover some expense, particularly when a figure has been agreed rather than pay the exact amount.</p> <p>Such a payment is always treated as gross pay, which means it is subject to tax and national insurance unless covered by a dispensation. The employee may be able to claim tax relief.</p>
round table	<p>Form of discussion in which no person has precedence.</p> <p>The term comes from the old practice of using a round table so that no-one is the obvious head.</p>
round up	<p>Increasing a number to express it to fewer significant figures, eg 24.3 can be rounded up to 25.</p>
roup	<p>Auction in Scotland.</p>
routine domestic tasks	<p>Tasks "such as housework, simple odd jobs, shopping and collecting a prescription or pension" (VAT notice 701/2).</p> <p>If an organisation provides a service of doing such tasks for a person unable to perform them himself or herself, the provision may be zero-rated as a welfare service under Value Added Tax Act 1994 Sch 7 Group 9.</p>
ROWA	<p>Restriction of Offensive Weapons Act 1959.</p>
Royal Assent	<p>When the monarch signs a Bill making it an Act of Parliament.</p> <p>Originally the Bill had to be signed by the monarch personally or by commission by letters patent under the Great Seal. The procedure is now as set out in Royal Assent Act 1967.</p>
Royal Auxiliary Air Force	<p>One of the classes of reservists (PAYE regulations SI 2003 No 2682 reg 122(2)).</p>
Royal Bank of Scotland (RBS)	<p>The bank started as the Equivalent Society in 1707, which became the Equivalent Company in 1724.</p> <p>Part of the Act of Union 1707 which merged Scotland and England was to provide compensation for investors who had lost money in the ill-fated Company of Scotland.</p> <p>The company wished to become a bank. As the existing Bank of Scotland (which remains a separate</p>

bank) was suspected of having Jacobite sympathies, a royal charter was issued in 1727. In 1728, RBS became the first bank to offer customers an **overdraft** facility. The two banks became bitter rivals, and remain competitors.

RBS took over English banks in the late 19th and early 20th century, particularly William Deacon's in 1930 and Glyn Mills and Co in 1939. This was rebranded as William and Glyn's Bank in 1970 until 1985.

RBS has continued to grow, notably by acquiring National Westminster Bank in 2000. RBS is one of three Scottish banks which still prints its own banknotes.

Royal Bounty	Part of the Civil List from which the monarch makes gifts to charities.
royal charter	Method by which a company, charity or other body may come into existence.
royal commission	Body of persons nominated by the Crown (in practice, by the prime minister) to look into a matter and report back.
royal dues	Taxes charged between 1066 and 1215, and levied by the monarch as he saw fit. Abuses of the system led to the Magna Carta .
Royal Exchange	Building in Cornhill, London from which trades may be arranged. The site was first so used in 1568. The present building dates from 1844.
royal jelly	For VAT, this was held not to be food. <i>Grosvenor Commodities Ltd [1990] VTD 7221</i> .
royal lives clause	Clause in a trust defining time according to the life of a royal person, such as "during the lifetime of the children of HM Elizabeth II". Such a clause was traditionally used to define the perpetuity period.
Royal Mail	Company that oversees the national postal service. Its holding company is Royal Mail Holdings plc. Restrictions on its ownership are removed by Postal Services Act 2011 s1.
Royal Mail Pension Plan (RMPP)	Pension plan for workers in Royal Mail.

Provisions relating to it are in Postal Services Act 2011 from s16.

Royal Mail Steam Packet case

The name often given to the landmark auditing case of *R v Kylsant [1931]*.

The company reported trading losses by transferring from reserves accumulated during the first world war. This was not explained in the accounts. Chairman Lord Kylsant was arrested and imprisoned for issuing a company prospectus that was "false in a material particular" even though every word of it was true.

Royal Marines Reserve

One of the classes of **reservists** (PAYE regulations SI 2003 No 2682 reg 122(2)).

Royal Mint

Body responsible for producing Britain's **coins**. It also produces medals, and coins for other countries.

Royal National Lifeboat Institution (RNLI)

Body formed on 4 March 1824 to save lives at peril on the seas around the UK and British Isles.

Royal Naval Reserve

One of the classes of **reservists** (PAYE regulations SI 2003 No 2682 reg 122(2)).

royalties

A business established to receive royalties is an excluded activity for venture capital trust purposes under Income Tax Act 2007 s306.

Royal Society for the Prevention of Cruelty to Animals (RSPCA)

Charity formed in 1824 to promote animal welfare.

Royal Society for the Protection of Bird (RSPB)

Charity formed in 1889 as the Plumage League to promote the conservation and protection of birds.

Royal trustees

People appointed to administer the Civil List for the monarch (Civil List Act 1937 s9).

royalty

Payment to someone for the right to use their property. Examples include copyright payments to authors and composers, patent payments to inventors, and similar

payments to land-owners.

For the purposes of corporation tax for intangible assets "royalty means a royalty in respect of the enjoyment or exercise of rights that constitute an **intangible fixed asset**" (Corporation Tax Act 2009 s714).

royal warrant

Official authorisation for a supplier to provide goods or services to the royal household. The supplier may display a crest on his premises and notepaper.

Royaume de Belgique

French: Kingdom of Belgium.

RP

- (1) Retail price, particularly of a car as used in the formula in Corporation Tax Act 2009 s56.
- (2) Relevant percentage, as used in the formula in Finance Act 2013 s88.
- (3) Initials used as forename when a PAYE payment is made to a non-individual, such as to a trustee in bankruptcy.
- (4) Abbreviation used in formula for decommissioning expenditure in Corporation Tax Act 2010 s330B(2).

Rp

Abbreviation: rupiah, currency of Indonesia.

RPA

- (1) Receipts and payments account.
- (2) Rural Payments Agency, an agency with responsibility for issuing agricultural licences, collecting Common Agricultural Policy (CAP) charges and paying CAP refunds.
The Rural Payments Agency (RPA) was previously known as the Intervention Board Executive Agency (IBEA), the Intervention Board for Agricultural Products (IBAP) or simply as the Intervention Board (IB).
- (3) Responsible paying authority, for pensions.

RPB

- (1) Recognised professional body**
- (2) Regional planning body.**

RPC

Reduced pollution certificate.

RPE

Related person's estate. This expression is used in Inheritance Tax Act 1984 s8G(5) as inserted by Finance (No 2) Act 2015 s9.

RPI	Retail prices index; the official measure of inflation until December 2003 when replaced by CPI.
RPM	Retail price maintenance.
RPPD	“Regulatory Guide which contains a statement of the responsibilities of providers and distributors for the fair treatment of customers” (FCA glossary).
RPSM	Registered Pension Schemes Manual, an Inspectors’ Manual produced by HMRC.
RQF	Regulated Qualifications Framework.
RR	Figure used in calculating the assignment of VAT to the Scottish Parliament, as set out in Scotland Act 1998 s64A(4).
RR(A)A	Race Relations (Amendment) Act 2000 .
RRL	Relevant retained liabilities (as used in Taxes Management Act 1970 s444ABB).
RRMPR	The Registered Remote Marking Premises Regulations 2002.
RRP	Days of the receipt period of a lease premium receipt (Income Tax (Trading And Other Income) Act 2005s64).
RRV	For long funding leases, term used in the formula in Income Tax (Trading and Other Income) Act 2005 s148EA.
RS	Repayment Supplement, supplement paid automatically if a repayment due from a VAT return takes longer than a net total of 30 days. Conditions apply.
RSC	Rules of the Supreme Court. [This is also the abbreviation of the Royal Shakespeare Company.]
RSCM	Royal School of Church Music.
RSD	ISO code for Serbian dinar.

RSE	Renewable source energy.
RSPB	Royal Society for the Protection of Birds.
RSPCA	Royal Society for the Prevention of Cruelty to Animals.
RSRB	Regulated sale and rent back.
RSS	Really Simple Syndication.
RSTPA	Revenue Scotland and Tax Powers Act 2014.
RSU	Restricted stock units
RTAR	Revenue Traders Accounts and Records - the Revenue Traders (Accounts and Records) Regulations 1992.
RTE company	<p>Private company limited by guarantee which is not a commonhold association and whose purpose is the right to collective enfranchisement of leaseholders of a leasehold property (Leasehold Reform Housing and Urban Development Act 1993 s4A).</p> <p>This definition is extended to company law by Companies Act 2006 s1181(4).</p>
RTFO	Renewable Transport Fuels Obligation.
RTI	Real time information , part of PAYE system.
RTL	Repayment of Teachers' Loan scheme
RTM	Right to manage , particularly in the expression "RTM company".
RTM company	<p>"A company is a RTM [right to manage] company in relation to premises if —</p> <ul style="list-style-type: none">(a) it is a private company limited by guarantee, and(b) its memorandum of association states that its object, or one of its objects, is the acquisition and exercise of the right to manage the premises"<p>(Commonhold and Leasehold Reform Act 2002 s73(2)).</p><p>This definition is extended to company law by Companies Act 2006 s1181(4).</p>

RTOG	In relation to corporation tax surcharge on banks, "means the sum of any relevant transferred-out gains" (Corporation Tax Act 2010 s269DA(2)). The figure is calculated in accordance with <i>ibid</i> s269DD.
RTP	Registered Tobacco Premises, any premises registered under regulations 4 or 5 of The Tobacco Products Regulations 2001; ie premises approved either for the manufacture of tobacco products or for the safe storage of tobacco products without payment of duty.
RTR	The Revenue Traders (Accounts and Records) Regulations 1992.
RTWDV	Relevant tax written-down value. The abbreviation is used in Capital Allowances Act 2001 s212J.
RUB	ISO code for Russian rouble.
rubber stamp	Colloquialism for approval or agreement that is given with little or no consideration of the issues.
rub-down search	"Search which is neither an intimate search nor a strip search " (Customs and Excise Management Act 1979 s164(5)). The person to be searched, known as the suspect , may require the Customs officer to refer the matter to his superior (<i>ibid</i> s164(3)). The search must be done by an officer of the same sex as the suspect (<i>ibid</i> s164(4)).
rubber-stamp board	Term used for boards of directors of letter-box companies and similar companies. They simply endorse what the real directors of the company says.
Rubicon	Crossing the Rubicon means taking an irrevocable step. The river was between ancient Italy and Cisalpine. When Julius Caesar crossed this river in 49BC he became an invader of Italy, triggering a war. The term was also used when the German army crossed the Belgian frontier in 1914.
rubric	Ordinance or law, particularly an instruction inserted into text.

The term comes from the fact that rubrics were traditionally printed in red.

ruby

Precious stone of red corundum, or similar stone. By extension, the term means something of great value, particularly in the expression "above rubies".

rufiyaa

Currency of Maldives.

rugby

General

Sport played in two forms: Rugby Union and Rugby League.

It was originally an amateur game with 15 players a side; the latter is the main professional game with 13 players a side.

Signing-on fee

The tax case *Jarrold v Boustead [1964]* held that a player was not liable to pay employment tax on a signing-on fee when joining a Rugby League side from Rugby Union. The payment was compensation for giving up his amateur Rugby Union status which then barred him for life from Union. The inspectors' manual at EIM00710 states that this precedent is unlikely to be followed now as a result of changes in the status of Rugby Union players.

Mutual trade

The extent to which a rugby club is a mutual trade is discussed in the Inspectors' Manual at BIM 24365.

Early retirement

A rugby player may retire on a personal pension at the age of 35, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

This relaxation of pension rules applies to both Rugby Union and Rugby League players.

Before 6 April 2006 (when the normal pension

retirement age was 60), a rugby referee was allowed to retire on a full pension at the age of 50.

ruination

State of being ruined, particularly financially.

rUK

Rest of the UK. The term is often used in consideration of devolved taxes, such as the Scottish rate of income tax.

rule

Regulation which determines proper procedure or behaviour. The term also has a specific meaning of one of the Rules of Court.

rule against perpetuities

Law that imposes restrictions on **perpetuities**.

rule nisi

Old legal term for an order from a superior court that is held to be absolute unless a contrary good cause is shown.

rule of 72

Rule of thumb for calculating the number of years over which **compound interest** will cause a figure to double.

You simply divide 72 by the interest rate. The answer is the number of years it will take that rate for the money to double. So, for an interest rate of 6%, the **principal** will double in 12 years.

Although this is an approximation, it is remarkably accurate. After 12 years at 6% compound interest a sum will have grown to 2.012 times its original amount.

rule of 78

Method of calculating **depreciation**, not widely used in practice. It is also more accurately known as the **sum of the digits** method, though "rule of 78" is the expression used in SSAP 21.

It works by adding up digits representing the order of months or years of the expected life of the **fixed asset** and charging a fraction of the total, where the **numerator** is the number of the month or year, starting with the highest, and the **denominator** is the sum of the digits.

So if an asset is to be depreciated over five years, depreciation in the first year would be 5/15 or one third under rule of 78, but one third under the straight line method.

The numbers 1 to 12 add up to 78. So if calculating depreciation over 12 months, the fractions would be

12/78, 11/78, 10/78 and so on to 1/78 in the final month.

rule of 85

Pension provision uniquely found in Local Government Pension Scheme. It states that if a person's age and years of service add up to 85, the person may retire on a full pension.

So if someone started work for a local authority at the age of 16, they would be able to retire on a full pension at the age of 51 (as $51 + 35 = 86$).

This generous provision was abolished for new starters from 1 October 2006, and for existing members from 1 April 2008 subject to some transitional provisions.

rule of 97

Algorithm used in **VAT numbers**.

A VAT number has nine digits of which the last two are **check digits**. The first seven digits are respectively multiplied by 8, 7, 6, 5, 4, 3 and 2. These products are then totalled. The last two digits are the lowest number which must be added to make the total divisible by 97.

rule of court

(1) Order made on a motion in court (usually open court), or to a rule that generally applies in court.

(2) A submission to arbitration or the award of an arbitrator when it is made under Arbitration Act 1950.

rule of law

Doctrine that the affairs of society are regulated by everyone being equally bound by law.

rule of thumb

Simple rule which usually gives the right answer, provided its limitations are appreciated. The expression comes from the ancient use of a thumb as a measure of one inch.

In business, examples include:

- **rule of 72**
- **Pareto principle.**

rules about manufactured payments

Term is used in Income Tax Act 2007 s606(8) to mean provisions in:

- Chapter 2 of Part 11 of the Income Tax Act 2007
- rules made under Chapter 2
- Chapter 3 of Part 11
- Chapter 9 of Part 15, and regulations made

under it.

Rules of Court

“In relation to any court means rules made by the authority having power to make rules or orders regulating the practice and procedure of that court, and in Scotland includes Acts of Adjournal and Acts of Sederunt; and the power of the authority to make rules of court (as above defined) includes power to make such rules for the purpose of any Act which directs or authorises anything to be done by rules of court” (Interpretation Act 1978 Sch 1).

rum

Alcoholic drink, a spirit from distilled sugar cane.

rumble seat

Additional seats added behind the driver for what is otherwise a two-seater vehicle. Originally such a seat was added for servants.

rummaging

Old term for a search by Customs officers for smuggled goods.

rum-running

Illegal smuggling of liquor, not necessarily rum. The practice particularly applies to the period of **prohibition** in the USA between 1920 and 1933.

Sometimes a distinction is made between **bootlegging** as illegal supply over land, and rum-running as a supply over water.

run on the bank

When a bank is deluged with customers seeking to withdraw funds.

This is usually caused by a panic induced by fears that the bank has insufficient **bank reserves** to cover deposits. Customers withdraw the money while there still is some and before the bank becomes insolvent.

running account credit

Another name for **revolving credit**. It allows people to borrow more money while repaying previous borrowings, provided a limit of borrowing is not exceeded. Credit cards operate on this basis.

running costs

Cost of using an asset (particularly a car) as opposed to the costs of owning it.

running costs	The cost of using an asset rather than of owing it. This term is of particular application to cars where it applies to petrol, tyres, repairs, servicing and parking. Other costs, such as road tax, MOT, insurance, cost of capital and depreciation, are classified as standing charges .
running tank	Tank on a vehicle that stores fuel used to propel the vehicle, as against an auxiliary tank or belly tank that stores fuel to operate separate machinery. Fuel in the running tank must be duty-paid (Customs notice 75).
running total	Sum of figures to which further figures will be added.
running water	Description of the facility of a building where water is available immediately from a tap. Historically this term has had other meanings.
running yield	An estimate of the annual rate of interest paid out by fixed income investments like corporate bonds and gilts. It doesn't take into account any increases or decreases in the capital value of the investment.
run-off period	In relation to payment of pension benefits as part of an employee termination payment , "means the period which — (a) starts with the day on which the relevant employment terminated, and (b) ends with the last day of the sixth tax year following the tax year in which the period started" (Income Tax (Earnings And Pensions) Act 2003 s409(6)).
runway	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
rupee	Currency of India.
rupiah	Currency of Indonesia.
rural fuel duty	Reduced rate of road fuel duty for rural areas.
Russia	Large country. Its currency is the rouble of 100 kopeks. The UK has a double taxation convention of 1994.

rutherford	Unit of radioactive disintegration.
RVF	Relevant valuation factor. This abbreviation is used in Finance Act 2004 s 182(4) and 210(1).
RVI	Referral of vision impairment.
Rwanda	African country. Its currency is the Rwanda franc of 100 centimes. The UK has no double taxation treaty.
Rwanda franc	Currency of Rwanda.
RWF	ISO code for Rwanda franc.
ryal	Gold coin worth 10 shillings minted between 1464 and 1470, and gold coin worth 15 shillings minted in reigns of Mary and Edward I.
rye	Grass that can be used to make a form of whisky.
Rysaffe	<p>Tax-effective arrangement where several discretionary trusts are established on different days.</p> <p>The term comes from the case <i>Rysaffe Trustee Company (CI) Ltd v CIR [2003]</i>. In that case, a settlor established five equal value settlements over 35 days. Inland Revenue unsuccessfully argued that they should be treated as a single trust. The decision follows the Reynaud case.</p>

S

S

Tax code

The letter S before a PAYE tax code indicates that the employee is regarded as subject to the Scottish rate of income tax (SRIT) from 6 April 2016.

National insurance

Contribution letter for an employee who is in a money purchase occupational pension scheme but who does not pay national insurance. The letter is replaced by C from 6 April 2012.

Other meanings

(1) Shaw, Scottish law reports of Session Cases, published between 1821 and 1838.

(2) Old Roman numeral for 7.

(3) US dollar, more popularly represented by the symbol \$. This was first used in 1785. It is believed to be a corruption of the figure 8.

(4) South.

(5) **CFI code** for an **ordinary share**.

(6) For **pool betting duty**, this denotes the total of stakes.

s	(1) Section, particularly of an Act of Parliament. (2) Shilling, pre-decimal unit of currency worth 5p, so 4s = 20p.
S£	Abbreviation: Syrian pound.
S\$	(1) Abbreviation: Singapore dollar (2) Abbreviation: tala, currency of Samoa.
SA	(1) Self-assessment. (2) Abbreviation used in Income and Corporation Taxes Act 1988 s444AJ(5) to mean "surplus arising" in relation to life assurance business.
S & L	Savings and loans.
S2P	State Second Pension. [The abbreviation SSP is used for statutory sick pay.]
SA	South Africa, including its law reports published from 1948.
SAAD	Simplified Administrative Accompanying Document
SAARC	South Asian Association for Regional Cooperation. Its members are: Bangladesh; Bhutan; India; the Maldives; Nepal; Pakistan and Sri Lanka.
SAB	Safeguarding Adults Board.
Saba	One of the islands of what was known as the Netherlands Antilles.

Sabbath	<p>Holy day of the week. This is generally Friday for Muslims; Saturday for Jews; and Sunday for Christians.</p> <p>There are some special trading provisions for Sunday.</p>
sabbatical	<p>Period of leave, usually paid, to allow a person to study or rest. These are common in education and the church.</p>
sabbatical officers	<p>Term considered in the VAT case <i>Keele University Students Union [2009] TC 82</i>.</p> <p>The union wished to claim VAT exemption for admission to cultural entertainments under Value Added Tax 1994 Sch 9 Group 13 Note 2(c). This required the union to be run on a voluntary basis. The union was run by sabbatical officers who received bursaries that were below the market rate for the job but which were not nominal. This meant that the union was not run on a voluntary basis and could not claim the exemption.</p>
sabin	<p>Unit of acoustic absorption.</p>
sabotage	<p>Deliberate damage to another's property.</p> <p>Payments to buy off a saboteur are not tax deductible as they are a criminal payment and disallowed by Corporation Tax Act 2009 s1304.</p> <p>The matter is discussed in the Inspectors' Manual at BIM 43180.</p>
SaBRE	<p>Support for Britain's Reservists, part of the Ministry of Defence that deals with reservists.</p>
SAC	<p>Summary Appeal Court.</p>
saccharometer	<p>Hydrometer used to measure the concentration of sugar solutions. It was invented in 1847 and used to measure the strength of beer for beer duty purposes from 1880.</p>
sack	<p>Dismissal from employment.</p> <p>The term comes from the old practice of giving the worker a sack in which to remove his belongings.</p>
sackcloth and ashes	<p>Colloquialism for the state of contrition and penitence.</p> <p>The term comes from the ancient Hebrew custom</p>

of wearing such items.

sacrifice

Voluntary offering of one's property, particularly to appease gods.

In finance, the term is used to mean giving up one benefit to receive another, such as a **salary sacrifice** scheme to gain a better pension.

SAD

Single Administrative Document.

SA Donate

A scheme where self-assessed taxpayers may indicate on their tax returns that they wish any tax refund to be donated to a charity.

The scheme was introduced in 2005. Hardly any use was made of it, so it was closed from 6 April 2012.

saeve indignatio

Latin: extreme indignation.

SAFE

Strategic Accounting Framework, HMRC computer system.

safe

Definition

A secure repository for storing cash, documents and other valuable items. They are also known as **coffers** and **strongboxes**. A safe can be as large as a room, though such safes are more commonly known as **strong rooms** or **vaults**. A safe may be disguised as a **concealment device**.

In addition to providing protection from theft, a safe may offer protection from fire.

In the UK, safes conform with the standards set out in British Standard EN-1047 on fire retardance and impact resistance.

Capital allowance

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

Spirits duty

The term has a specific meaning for spirits duty, as set out in Customs notice 39.

safe-bouncing	Opening a safe by hitting it hard on the top so that the lock springs open.
safe-cracking	Opening a safe without the key or lock combination.
safe deposit	Safe primarily used to keep valuables such as currency and jewels.
safe-for-work	Description of a product or service that is safe for use in the workplace. It includes websites that are free of nudity and hate speech .
safeguarded amount	Balance that must be left in a taxpayer's bank account after HMRC has seized the funds under the provisions of Finance (No 2) Act 2015 Sch 8, which require no court approval. The safeguarded amount is £5,000 for a first hold notice and zero for a subsequent hold notice.
safeguarded rights	For pensions, the rights as set out in Pension Schemes Act 1993 s68A.
Safeguarding Adults Board (SAB)	Board that each local authority is required to establish under Care Act 2014 s43.
safeguarding adults review	A review that a Safeguarding Adults Board may be required to carry out into a particular individual under Care Act 2014 s44.
safe harbour	Term for any provision which provides a measure of protection against a regulation. For controlled foreign companies from 2012, the term relates to activities that are automatically not within the UK tax charge.
safe harbour profits	In relation to the new regime for controlled foreign companies , refers to such a company that makes a low profit relative to its cost base and would therefore be exempt from a UK tax charge.
safe house	Place where a person may be kept safely, such as when they are vulnerable to violence, abduction or intimidation.

safety factor	Ratio between the actual breaking point of a material or structure, and the permissible minimum. By extension, this is used for any similar margin, such as an addition to cost price to allow for lower than expected sales.
safety need	Second level under Maslow's hierarchy. The security a person needs to feel to be able to address social needs.
safety net	Net placed below acrobats to prevent injury if they have an accident. In finance, the term is used to mean any similar provision designed to minimise the consequences of an adverse situation.
safety paper	Paper that is designed to be difficult to copy, such as is used for banknotes and some documents.
safety seat	In relation to the reduced rate of VAT for child car seats, "means a seat — (a) designed to sat in by a child [under 14] in a road vehicle, (b) designed so that, when in use in a road vehicle, it can be restrained in one or more of the following ways — (i) by a seat belt fitted in the vehicle, or (ii) by belts, or anchorages, that form part of the seat being attached to the vehicle, or (iii) by a related base unit , and (c) incorporating an integral harness, or integral impact shield, for restraining a child seated in it" (Value Added Tax 1994 Sch 7A Group 5 para 2).
safety valve	A means by which excess pressure, such as in a boiler, may be relieved to prevent damage. By extension, the term applies to any such similar provision, such as a clause in an agreement.
SAI	Amount shown in a unit trust's scheme as income. The abbreviation is used in Corporation Tax Act 2009 s973(2).
SAIL address	Single alternative inspection location. This term is used by Companies House when a business holds its records for inspection at an address other than its registered office.

sailaway boat	<p>A vessel supplied VAT free in the UK, which is to be exported under its own power to a destination outside the VAT territory of the EU.</p> <p>The special VAT provisions for sailaway boats are given in VAT notices 703/3 (intra-EU) and 703/2 (outside EU).</p>
sailing	<p>The Customs implications of sailing to and from the UK are set out in Customs notice 8.</p> <p>The special VAT provisions for sailaway boats are given in VAT notices 703/3 (intra-EU) and 703/2 (outside EU).</p>
Saint Helena	<p>UK Overseas Territory comprising a volcanic island in the South Atlantic Ocean. The currency is the St Helena pound.</p>
Saint Helena pound	<p>Currency of St Helena.</p>
Saint Kitts and Nevis	<p>Caribbean country. Its currency is the East Caribbean dollar of 100 cents. The UK has a double taxation arrangement of 1947.</p>
Saint Lucia	<p>Caribbean country. Its currency is the East Caribbean dollar of 100 cents. The UK has no double taxation treaty.</p>
Saint Matthew	<p>Patron saint of accountants, bankers, bookkeepers and tax collectors.</p>
Saint-Simonism	<p>Extreme form of socialism advocated by Claude Henri, Comte de Saint-Simons (1760-1825) in which all industrial production was on a large scale with states as the only customers.</p>
Saint Vincent and the Grenadines	<p>Caribbean country. Its currency is the East Caribbean dollar of 100 cents. The UK has no double taxation treaty.</p>
Saladin tithe	<p>A levy of one tenth of rents charged in 1188 to pay to recover Jerusalem. This was the first taxation to include a specific provision against fraud.</p>
salami cuts	<p>When an asset is reduced by many series of small slices being removed. Salami is a seasoned Italian sausage</p>

which is traditionally sliced thinly.

salami slicing

In advocacy, process of reducing evidence or an argument to a series of propositions, each of which can be attacked.

salariat

Salariated employees viewed collectively.

salariated

Description of a person who is employed for a salary.

salariated hours

One of the four bases for determining whether **national minimum wage (NMW)** regulations have been followed. A worker is on salariated hours if paid so much per week, month or year, rather than per hour.

The requirement under NMW rules is that the employee is paid the NMW for the contracted hours during each **pay reference period**.

The procedure is similar to that for **time work**, except that the NMW must generally be paid for absences (such as holidays and sickness) under salariated hours. There is an exception for absences where the contract of employment states that the employee is not entitled to his full pay and, in fact, does not receive his full pay.

salariated partner

Member of a partnership who receives a salary either in addition to or instead of a share of partnership profits.

salary

Amount paid to an employee, particularly on an annual basis. The word originally meant salt money, as workers were once paid in salt.

A salary paid to a worker by a business is tax-deductible. The worker is liable to income tax and class 1 national insurance on the salary. This is usually collected under **Pay As You Earn**.

A salary paid to a partner or sole trader is not allowable. These are regarded as **drawings** and must be **added back** to taxable profit.

salary cheque

Either a cheque issued to a person in payment of salary, or a cheque drawn to a bank to allow the salaries of all salariated staff to be paid. Such cheques are usually issued monthly.

salary definition	Term used in group insurance to define what is meant by an employee's salary when calculating insured benefits.
salary scale	Another term for pay scale .
sale	<p>(1) Transaction where an item is sold. A contract is a sale where one party provides money to the other for goods or services.</p> <p>(2) Period when goods are offered at a reduced price, such as for clearing stock.</p> <p>(3) In relation to a sale of trading stock to a connected person, various terms are defined in Income Tax (Trading and Other Income) Act 2005 s181.</p>
saleable	Able to be sold.
sale and finance leaseback	The provisions for capital allowances are found in Capital Allowances Act 2001 from s221.
sale and leaseback	<p>Arrangement where an organisation sells an asset and then leases it back from the buyer.</p> <p>The arrangement is most commonly used when the organisation has valuable assets but needs a lump sum of cash.</p> <p>Corporation tax provisions are given in Corporation Tax Act 2009 s225 and from s834. Income tax provisions are given in Income Tax Act 2007 from s681A and Income Tax (Trading and Other Income) Act 2005 s285.</p> <p>Sale and leaseback was once used as a means whereby a non-taxable body could sell assets to a commercial business which leased them back at a lower cost, reflecting the capital allowance the business could claim. This was stopped by legislation from 2 July 1997.</p>
sale and repurchase	<p>A form of trading where the seller agrees to buy back the goods on certain conditions. Such trading methods are common in specific trades such as book selling.</p> <p>The accounting treatment is explained in Application Note B to FRS 5. Basically this requires the repurchase terms to be considered to determine whether the stock should be regarded as belonging to the seller.</p> <p>The implications under the accrued income scheme are set out in Income Tax Act 2007 s654.</p>

sale and repurchase of securities

The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s263A.

sale at undervalue

A sale of an asset for less than the sum that would be expected.

Such sales commonly arises in domestic arrangements and in tax planning. There are usually tax provisions to substitute market value in such cases.

For the disposal of a short lease, there is a specific provision in Capital Allowances Act 2001 s88.

sale by description

Sale of goods which are described in the contract.

Sale of Goods Act 1979 s13(1) requires that the goods sold must conform to that description.

sale by retail

Term used in Licensing Act 2003 s192 to mean (broadly) a sale of alcohol for consumption on the premises.

sale by sample

Sale of a quantity of goods of the same specification as a sample.

Sale of Goods Act 1979 s15(2) imposes the condition that "the bulk will correspond with the sample in quality". S3(2) requires all the goods to conform to the sample; it is not sufficient that most of the goods do.

sale consideration

This term is given a specific meaning in Taxation of Capital Gains Act 1992 s145 in relation to capital gains tax indexation on options.

sale of foreign dividend coupon

The tax consequences are set out in Corporation Tax Act 2009 from s974.

sale of goods

Sale of goods for money.

Where this is a consumer sale, it is regulated by Sale of Goods Act 1979. This implies certain conditions into the sale. Such conditions are not implied in a sale to someone for their business.

sale of goods by way of competitive bidding

"Means any sale of goods at which the persons present, or some of them, are invited to buy articles by way of

	competitive bidding ” (Mock Auctions Act 1061 s3(1)).
sale of work	Sale of items made for the purpose, particularly by members of a church or other fund-raising body.
sale or return (SOR)	Method of trading where a customer takes goods on the basis that they are either returned or bought.
sale price	Price asked for goods which is below the normal price.
sales	Term in profit and loss account which indicates income from trading activities.
sales analysis	Management accounting exercise to determine how much each product or service contributes to overall sales.
sales book	Record of sales completed, as against the order book which is a record of sales orders received.
sales budget	Budget which determines what sales are required by an organisation.
sales chart	Graphic representation of sales from one period to the next.
sales contract	<p>For the purposes of consumer protection, this is a contract under which:</p> <ul style="list-style-type: none">“(a) the trader transfers or agrees to transfer ownership of goods to the consumer, and(b) the consumer pays or agrees to pay the price” <p>(Consumer Rights Act 2015 s5(1)).</p> <p>“A contract is a sales contract (whether or not it would be one under subsection (1) if under the contract —</p> <ul style="list-style-type: none">(a) goods are to be manufactured or produced and the trader agrees to supply them to the consumer,(b) on being supplied, the goods will be owned by the consumer, and(c) the consumer pays or agrees to pay the price” <p>(Consumer Rights Act 2015 s5(2)).</p>

sales curve Graphic representation of how sales are varying from one period to the next.

sales department Section of a commercial organisation which is responsible for generating and administering sales of the organisation's products or services.

sales figures Total sales for a defined period.

sales force Collective term for all those engaged in selling an organisation's products or services.

sales forecast An estimate of what sales are expected to be achieved in a defined period.

sales incentive scheme Scheme that rewards employee or other person for achieving a performance that is to the business's advantage. Typically the scheme offers a prize, not usually in cash but in a perceived luxury items such as a holiday.

The cost of the scheme and its prizes is a tax-deductible if three conditions are met:

- “• the reward has been genuinely earned by the recipient,
- there is an obligation upon the trader to provide the gift, and
- the gift is provided as part of a genuine business scheme” (Inspector's Manual at BIM 45080).

sales invoice Document sent to customers recording a sale. Unless the customer has already paid, the invoice is also a request for payment.

sales journal Book in which sales are recorded. Such a journal is usually restricted to non-cash sales. Entries from it are later posted to the sales ledger, and totals from the sales journal are posted to the nominal ledger.

sales ledger Record of how much each of your customers owe you.

sales ledger clerk Junior member of accounts department who is responsible for maintaining the sales ledger.

sales manager Person in charge of the **sales department**.

salesmanship	Skill at selling.
sales mix	Combination of different products and services which comprise an organisation's overall sales for a defined period.
sales mix profit variance	Different profit margins on products and services within the sales mix .
sales of lessors expense	Term defined in Finance Act 2000 s79A(3) in relation to tonnage tax, as added by Finance Act 2012 s24(3). [The Act does not include any apostrophe in the first word.]
sales per employee	Ratio of turnover divided by number of employees.
sales pitch	Method used by a salesman to encourage customers to buy the goods or services being offered.
sales promotion	An incentive to encourage the sale of a product or service, such as money off coupons, or a "buy one, get one free" offer.
sales price variance	Difference between expected income from sales and actual income.
sales return	Report of actual sales made for a defined period.
sales tax	A tax which is imposed on the sale of items. VAT is sometimes called a sales tax, though strictly it is a tax on supplies.
sales volume profit variance	Difference between the forecast sales volume and the actual sales volume.
sale work	Work undertaken to produce goods for a special sale, often at a low price.
Salic law	Law that originated among the Salic Franks and then spread to France. It limited the right to inherit land to male heirs.
saliferous	Capable of yielding salt.

Salisbury convention	Parliamentary agreement that the House of Lords will not vote down any proposal that was in the manifesto of the political party that won the last general election.
Salisbury, 3rd Marquis of	English Conservative peer (1830-1903) who was prime minister from 23 June 1885 to 28 January 1886, and from 25 June 1895 to 11 July 1902.
Salmanezah	Champagne bottle with a capacity of 12 standard bottles.
Salmond, Alex	Scottish SNP politician (1954-) who was First Minister of Scotland from 16 May 2007 to 19 November 2014.
salmon family	“Includes all fish of whatever genus or species belonging to the family Salmonidae” (Diseases of Fish Act 1937 s10).
Salomon v Salomon	Court case from 1897 which clearly established that a company has a separate legal personality from its owners.
Salop	Shropshire.
SALR	South Australian Law Reports, published from 1866 to 1892, and from 1899 to 1920.
salt	<p><i>Value added tax</i></p> <p>For VAT, salt for culinary use is zero-rated as food, “including fine salt, dendritic salt, and, in retail pack (12.5g or less) — rock and sea salt”. These forms of salt are standard-rated: “compacted salt (pellets and tablets), granular salt, rock salt (other than retail packs), soiled salt, salt for dishwashers and salt of any type for non-food use” (VAT notice 701/14). </p> <p><i>Old colloquialism</i></p> <p>The term is also an old colloquialism for the practice of putting a very high value on an item to encourage interest and sales.</p>
salt away	Put money aside for later use, also known as squirrelling . The term comes from putting aside meat in salt.
salt spring	Profits from this, when run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009

s39).

saltus	Break in logic; a leap to a conclusion.
salus populi suprema lex esto	Latin: let the welfare of the people be the final law (Cicero).
salvage	Process of recovering some value from an asset which would otherwise have no value, such as removing parts from a car which has been scrapped or ship which is stopped from sinking.
salvage	Generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.
salvage charges	<p>“Charges recoverable under maritime law by a salvor independently of contract” (Marine Insurance Act 1906 s65(2)).</p> <p>Typically maritime law allows a salvor to claim up to 10% of the value of the item salvaged. Such costs may be recoverable under a policy of marine insurance.</p>
Salvation Army	Christian denomination and charity, run on quasi-military grounds, founded in 1865. It works to provide shelters for the homeless and related humanitarian work.
salvo jure	Latin: saving the right, ie without prejudice .
salvor	One who salvages something, particularly a ship.
SAM	Social accounting matrix.
Samaritans	Charity founded in 1953 that provides comfort to the suicidal and despairing. It derives its name from a parable in Luke 10:30-37 in the Bible.
same-day addition	In relation to inheritance tax on a settlement, the term is defined in Inheritance Tax Act 1984 s62A.
same day rule	<p>Capital gains tax rule for identifying the acquisition cost of a share or other security where the taxpayer has made more than one acquisition.</p> <p>This rule states that shares sold on the day of acquisition are ranked first. This is followed by the 30-day</p>

rule.

same premises test

In tax, a test for eligibility for the **annual investment allowance**. Companies are eligible if they are within the same business classification and operate from the same premises at both the beginning and end of the chargeable period.

Samoa

Island country in Pacific Ocean. Its currency is the tala of 100 sene. The UK has no double taxation treaty.

sampi

Greek character denoted by the symbols τ or T to denote 900.

sample

General

Small quantity of an item which is considered as representing the whole, such as when testing a batch of goods or trying out a product before buying a quantity of it.

Consumer protection

In a consumer contract, goods sold against a sample must match that sample (Consumer Rights Act 2015 s13).

Value added tax

For VAT, a supply of a sample worth more than £50 is a taxable supply. From 2012, the limit applies to any number of samples provided by the same supplier to the same recipient. Previously, the limit applied only to the first sample provided in the year. This was found to be contrary to EU law.

sample product

Product supplied solely for the purpose of obtaining orders.

There is a special Customs procedure under which samples may be exempt from Customs duty and import VAT. The three conditions are:

- once imported, the item can only be used as a sample
- it is of negligible value (typically less than £20, though this is not a statutory or regulatory limit)
- it is supplied solely to gain further orders for the product.

Customs are more likely to accept an import as a

sample product if it is so marked, and if the importer or user is required to destroy the sample after examination.

Samurai sword

Customs may seize any such sword with a curved blade exceeding 50cm in length unless it is imported for participation in martial arts events or religious ceremonies (Customs notice 1).

sanctionable benefit

Social security benefit to which sanctions may be applied. Commonly these include reducing or stopping benefit for non-compliance with a condition.

The term is used in Welfare Reform Act 2012 s117.

sanctions order

Order that bans or restricts the export of certain military or other sensitive goods to a particular state.

The Department for Business, Innovation and Skills administers such orders, and grants licences if it is permissible to export goods.

sanction warning notice

Notice that the Oil and Gas Authority must issue under Energy Act 2016 s49 before imposing an **operator removal notice**.

sandbox

In computing, a security mechanism that separates programs running at the same time.

It is used to test new software and to protect existing software from any risk caused from other software. The main element is to provide a separate protected area of the computer for the new software.

sand pit

Profits from a quarry run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).

San Marino

Enclave country in Italy. Its currency is the euro of 100 cents. The UK has no double taxation treaty.

sandwich

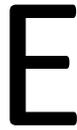
For VAT, this is zero-rated as food when supplied as a grocery item, but standard-rated as catering when provided as part of a party or buffet service (VAT notice 701/14).

The provision on a platter for instant use by the customer is still a supply of food, per *Out to Lunch* [1993]

VATTR 13031.

- sanitary protection** Such items generally qualify for the reduced rate of VAT.
- Sandwich Islands** UK Overseas Territory administered from the Falkland Islands.
- sandwich relief** For CGT, term sometimes used for the various reliefs that allow a period of absence from a main residence to be regarded as a period of occupation, and thus maintain the **main residence relief**. The various reliefs are set out in Taxation of Capital Gains Act 1992 s223.
The main sandwich reliefs are:
- a period of any length while the taxpayer worked outside the UK
 - a period or periods of up to four years in which the taxpayer worked elsewhere in the UK but where the employer reasonably required the taxpayer to live elsewhere
 - the last 18 months of occupation (36 months before 6 April 2016).
- sanitary protection** For VAT, such products may (from 1 January 2001) be reduced-rated for VAT under Value Added Tax Act 1994 Sch 7A Group 4. The exact scope is given in VAT notice 701/18.
In the Autumn Statement 2015, the Chancellor said he would ask the EU for a derogation to zero-rate these products and avoid what had become known as the tampon tax. In the meantime, he announced that the £15 million revenue would be donated to women's charities.
- sanitaryware** This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
- sans frais** French: without expense.
- sans recours** French: without recourse.
Where an agent so signs a bill of exchange, he is not personally liable on it (Bills of Exchange Act 1882 s16).

sans serif Description of a type face that has no serifs — the little lines added to the edges of letters:



sans serif letter



serif letter

santim One hundredth of lats, currency of Latvia.

SAO **Senior accounting officer.**

SAOG HMRC guidance manual for **senior accounting officers.**

Sao Tome and Principe Island country in the Gulf of Guinea. Its currency is the dobra of 100 centimos. The UK has no double taxation treaty.

SAP (1) **Statutory adoption pay.**
(2) Business management software company.

Sapir Report Report published in 2003 by a panel of experts chaired by André Sapir. The report was commissioned by the European Commission to analyse the Lisbon Strategy in relation to the European economy.

SAR (1) **ISO code** for Saudi Arabian riyal.
(2) **Suspicious Activity Report.**
(3) **Subject access request.**

SARL **Société à Responsabilité Limitée.** French: limited company.

SAS **Statement of Auditing Standards.**

SASA In relation to corporation tax surcharge on banks, this abbreviation is used in the formula in Taxation (International and Other Provisions) Act 2010 s371BI(2).

sasine In Scots law, the act of giving possession to legal property.

SASP **Single authorisation for simplified procedures.**

SASR	South Australian State Reports, law reports from 1921.
satang	One hundredth of a baht, currency of Thailand.
satisfaction and release	In company law, when a debt has been paid or otherwise released. This must be notified to Companies House and recorded in the register of charges (Companies Act 2006 s872).
satisfactory quality	<p>For consumer protection, “the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory, taking account of—</p> <ul style="list-style-type: none">(a) any description of the goods,(b) the price or other consideration for the goods (if relevant), and(c) all the other relevant circumstances (see subsection (5)).” <p>(Consumer Rights Act 2015 s9(2)).</p> <p>Subsection (5) “includes any public statement about the specific characteristics of the goods made by the trader, the producer or any representative of the trader or producer”.</p>
SATR	Self-assessment tax return.
sat sapienti	Latin: a nod to the wise.
Saturday fund	Mutual insurance fund as originally set up in the 1870s. The name comes from the then current practice of paying workers on a Saturday from which they contributed to their health insurance. The current tax treatment is discussed in the Inspectors’ Manual at BIM24685.
Saudi Arabia	Arab state. Its currency is the Saudi riyal of 100 halalas. The UK has a double taxation convention and protocol of 2007, and an air transport agreement of 1993.
Saudi riyal	Currency of Saudi Arabia.
sausage casings	<p>For VAT, such a product was manufactured using reconstituted collagen with a permitted additive to aid digestion.</p> <p>The VAT tribunal held that these were zero-rated as a food, even though they would not be eaten without</p>

further manufacture. Flour, sugar and many other products were clearly food but not eaten as supplied. *Devro Ltd. [1991] VTD 7570.*

SAV	Shares and Assets Valuation, a department of HMRC.
Sav	Savile's Reports, law reports of Common Pleas from 1580 to 1594.
sav	Stock at valuation.
save as you earn (SAYE)	<p>Process of putting aside money from earnings for use later. If the money is used to buy shares in the employer, there are some tax-advantaged schemes available to the employee.</p> <p>The term is now generally restricted to SAYE option schemes for employees.</p> <p>Before 30 November 1994 there was also ordinary SAYE introduced in 1969, which allowed up to £20 a month to be saved in a tax-advantaged scheme. It was in effect replaced by the TESSA which is now itself replaced by the ISA.</p>
saver	Person who puts money aside for use later.
Save the Children Fund	Charity formed in 1919 to provide relief and other support for children in developing countries.
Saving Gateway	<p>Proposed scheme of tax-advantaged saving due to be introduced in July 2010. It was scrapped on a change of government.</p> <p>The Act to introduce it was Saving Gateway Accounts Act 2009. It was repealed by Savings Accounts and Health in Pregnancy Grant Act 2010 s2.</p>
savings	<p>(1) Amount of money someone has put aside.</p> <p>(2) Reductions in expenditure, particularly when this is achieved without any loss of quality or service.</p>
savings account	Bank account which is designed to accommodate the savings of an individual. Typically such an account pays interest but requires notice for withdrawals.

savings bank	Bank which offers savings accounts .
savings bond	American term for savings certificate .
savings certificate	Document showing how much an individual has saved with the organisation issuing the certificate.
savings credit	One of two elements of the state pension credit . The other is the guarantee credit (State Pension Credit Act 2002 s3).
savings credit threshold	Amount of a pensioner's income which meets one of the conditions for receiving the savings credit element of the state pension credit (State Pension Credit Act 2002 s3).
Savings Directive	"Means Council Directive 2001/48/EC of 3 rd June 2003 ("the Directive of 2003") on the taxation of savings income in the form of interest payments as amended by Council Directive 2004/66/EC, and a reference, without more, to a numbered Article is a reference to the Article of the Directive of 2003, as so amended, which bears that number" (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(1)).
Savings Gateway	Government sponsored savings account for the disadvantaged which was planned for introduction in July 2010. The details are contained in Savings Gateway Accounts Act 2009. The June 2010 Budget announced that they would not be introduced.
savings income	<p>Income which arises from savings rather than from earnings or other sources.</p> <p>The term has been used from 6 April 1996 for income which was subject to income tax at 20% rather than the normal basic rate. From 6 April 2008, the basic rate of income tax is 20%, so the distinction has largely been dropped. The full definition is given in Income Tax Act 2007 s18.</p>
Savings Income Information Regulations (SIR)	Name of SI 2003 No 3297, in force from 1 July 2005. It transposes into English law the European Savings Directive . It sets out the duties of paying agents in

reporting savings income to HMRC.

savings plans

Package of financial products, that typically have high charges and a poor return.

savings rate

Low rate of income tax for those who have small incomes solely or largely comprising savings income (other than share dividends). The law is Income Tax Act 2007 s7. Before 6 April 2007, the savings rate was known as the lower rate.

The rate was reduced from 10% to 0% from 6 April 2014 under Finance Act 2014 s3.

savings-related share option scheme

Tax-advantaged scheme which allows employees to buy shares in their employer by deductions from their pay.

savoir-faire

French: knowing what to do.

savoury snacks

For VAT, three types of savoury snack are standard-rated, namely potato snacks (eg crisps), cereal snacks, and nuts that are roasted and salted. Other savoury snacks are zero-rated as food. The exact scope is set out in VAT notice 701/14.

sawbuck

American slang for a ten-dollar bill.

SAWS

Seasonal Agricultural Workers Scheme.

Sayce Review

Report published in June 2011 by Liz Sayce into **Remploy** factories for disabled people. Her conclusion was that government support for disabled should follow the person rather than the activity. This led to the closure of Remploy factories.

SAYE

Save As You Earn.

SAYE option scheme

Scheme established by a company under which employees obtain options in the employer's shares. The tax provisions are given in Income Tax (Earnings And Pensions) Act 2003 from s516.

SB	Supplementary benefit, discontinued social security benefit.
SBA	Small Business Administration.
SBAT	Supplementary benefit appeals tribunal, no longer in existence.
SBC	(1) Standard beneficiary country. (2) Small Business Commissioner.
SBC complaints scheme	Scheme established by the Small Business Commissioner under the provisions of Enterprise Act 2016 s4(1).
SBC scope regulations	Regulations that the Small Business Commissioner may make further to define a small business (Enterprise Act 2016 s2(3)).
SBD	ISO code for Solomon Islands dollar.
SBEE	Small Business, Enterprise and Employment Act 2015.
SBRR	Small business rate relief.
SC	(1) Court of Sessions, Scottish law reports from 1906. (2) Special Commissioners (though the more common abbreviation is SpC). (3) Expression used in formula for ring-fence allowances in Corporation Tax Act 2010 s330A(3).
sc	Scilicet.
scab	Trade union slang for a person who works during a strike.
scaccarium	The Exchequer.
scale	In finance, any arrangement where one figure is dependent on another, such as pay rates for different grades or sales discounts for different quantities.
scale charges	For PAYE, set charges for calculating output tax due on road fuel used for private motoring, if the fuel was bought by a business. The charges are based on the type

of fuel and engine size.

scale model

Model of a building or other item of much reduced size but the same proportions.

scales

Means of weighing items, particularly by putting a predetermined weight on one pan and the weighted items on the other. It is also called a balance.



By extension, it refers to any process by which competing claims may need to be compared to be offset against each other, to determine an overall result. In tax, such considerations may be needed to determine if someone is trading or is an employee.

scam

Fraud perpetrated by pretence.

scanner

Computer peripheral that takes an copies a document as a computer file. HMRC does not usually accept scanned documents as they can easily be forged or amended.

scapegoat

Person who alone pays for an offence committed by many. The term comes from the practice of symbolically placing the sins of people on to a goat which was then allowed to escape into the wilderness, as set out in Leviticus 16 in the Bible.

scareware

Malicious computer software that is designed to frighten users to purchase useless or dangerous software.

SCART

Type of plug with 12 pins used to connect items of audiovisual equipment.

scatter graph

Graph where two variables are plotted to see if a pattern emerges from which the ratio between the variables may be determined.

scavage	Toll once charged by boroughs on goods sold that had been brought in from outside the borough.
scavenger	Person who looks for usable or reusable materials from waste.
ScB	Alternative form of B Sc, bachelor of science.
ScD	Alternative form of D Sc, doctor of science.
SCC Regulations	Social Security (Contributions) Regulations 2001.
SCE	European co-operative society.
sceat	Small silver or gold coin in Anglo-Saxon times.
SCF	Save the Children Fund.
SCG	Serbia and Montenegro, abbreviation of Sbrija i Crna Gora.
SCH	Secure children's home.
Sch	Schedule, particularly to an Act of Parliament.
schedular system	<p>System of determining income tax and corporation tax according to a schedule (designated A to F) according to the nature of the income.</p> <p>The system was introduced in 1803, and abolished in 2005 for income tax, and in 2009 for corporation tax.</p>
Schedule 1AB claim	<p>Claim for error and mistake relief, as set out in Taxes Management Act 1970 Sch 1AB.</p> <p>Guidance on this relief is provided in the Inspector's Manual at SACM 12085.</p>
Schedule 2 share incentive plan	<p>A share incentive plan (SIP) that is in accordance with Income Tax (Earnings and Pensions) Act 2003 Sch 2.</p> <p>The term is used in Corporation Tax Act 2009 s987 in allowing a tax deduction for the costs of such a scheme, and in s988 for allowing a tax deduction for the running expenses, and in s998 for withdrawal of tax relief</p>

if a share incentive plan ceases to be a Schedule 2 plan.

Schedule 15B offence Criminal offence listed in Criminal Justice Act 2003 Sch 15B.

Schedule 19 deemed accounting period

In relation to corporation tax for oil industry and ring fence expenditure supplement, "means the deemed accounting period under paragraph 3(3) of Schedule 19B to [Income and Corporation Taxes Act 1988] ending before 1 January 2006. (Corporation Tax Act 2010 s311(5)).

schedule 19B losses In relation to ring-fence income of oil and gas companies, this and similar terms are defined in Corporation Tax Act 2010 s325.

Schedule 23 While there are many Acts that have 23 or more Schedules, this term probably means Finance Act 2001 Sch 23 which refers to the data gathering powers of HMRC.

Schedule 36 Although there are many Acts that have 36 or more Schedules, in the context of tax, this usually refers to Finance Act 2008 Sch 36, which gives the detailed provisions of HMRC's powers of information and inspection.

Schedule A Basis for taxing income from land and buildings, such as rent. It was introduced in 1803 for income tax and in 1965 for corporation tax. It was abolished in 2005 for income tax but is still used for corporation tax. For income tax purposes, Schedule A income is now called **property income**.

Until 1963, Schedule A included a nominal charge paid by **owner-occupiers** for the **notional benefit** of the rent they received from themselves. **Mortgage interest relief** was originally a tax-deductible expense of this Schedule.

Schedule A was abolished for the tax years 1964/65 to 1969/70 when rent was collected under Schedule D Case VIII.

- Schedule A loss** Loss incurred by a company on its Schedule A activities (usually renting property). Corporation tax relief may be claimed under Income and Corporation Taxes Act 1988 s392A.
- Schedule B** (1) Former basis for taxing income from farming and woodlands.
The schedule was introduced in 1803. In 1963, farming became subject to **Schedule D** Case I on the same basis as other trading, and Schedule B was restricted to the commercial occupation of woodlands.
By the 1980s, the income from Schedule B was less than the amount lost by its use in tax avoidance schemes. Accordingly Schedule B was abolished in 1988, since when the commercial occupation of woodlands is generally tax-free.
(2) Form which must be completed by Methodist treasurers
- Schedule C** Former basis for taxing investment income from public funds, including local authorities and foreign states.
Schedule C was introduced in 1803, but abolished in 1996 when such income was taxed under Schedules D Cases III, IV or V for income tax and Schedule D Case III for corporation tax. This income is now known as **investment income**.
- Schedule D** Basis for taxing income from trading and similar activities. The Schedule was introduced in 1803 and used for income tax until 2005. It is still used for corporation tax.
Schedule D was divided into six to eight **cases** as follows:
- Case I trade;
 - Case II profession or vocation;
 - Case III certain investments;
 - Case IV foreign investments;
 - Case V foreign possessions;
 - Case VI other income;
 - Case VII short-term gains;
 - Case VIII property.
- Case VII only operated between 1962/63 and 1964/65 when it was replaced by **capital gains tax**.
Case VIII only operated between 1964/65 and 1969/70 while **Schedule A** was abolished.

For income tax, these Schedules are now replaced by descriptions of types of income. Cases I and II are generally called **trading income**; Case III is **investment income**; Cases IV and V are **relevant foreign income**.

Schedule E

Former basis for taxing income from employment, usually under **PAYE**. It was introduced in 1803 and abolished in 2003. It is now known as **employment income**.

Schedule E was divided into three **cases**:

- case I: UK earnings by UK residents;
- case II: UK earnings by non-residents;
- case III: overseas earnings by UK residents.

Schedule F

Former basis for taxing income from share dividends which applied from 1965 to 2005. Such dividends were charged under the **imputation system**.

scheduled and admitted bodies

A scheduled body is an organisation which has the right under legislation to become a member of the Local Government Pension Scheme. An admitted body is an organisation which does not have the automatic right to join the Local Government Pension Scheme but can join (be admitted to) with the agreement of the administering authority. It must be non-profit-making and will normally be receiving a grant from either central or local government.

scheduled tribunal

“Means a tribunal in a list in Schedule 6 that has effect for the purposes of this section” (Tribunals, Courts and Enforcement Act 2007 s30(2)).

schedules

(1) Part of Act
(2) **Tax schedules**, as categories of income. This meaning comes from the fact that they were schedules to Acts from 1799 and 1803 onwards. In 1952, the Schedules were incorporated into the Act. They are now abolished.

schema

Framework of knowledge about some aspect of the world.

scheme

Plan, method of working, layout or arrangement.

Scheme administration employer payment

Payments made by a registered pension scheme that is an occupational pension scheme, to or in respect of a sponsoring employer or a former sponsoring employer for the purposes of administration or management of the scheme.

Scheme administration member payment

Payments made by a registered pension scheme to or in respect of a member or a former member for the purposes of administration or management of the scheme.

The tax provisions are set out in Finance Act 2004 s171.

Scheme administrator

The person(s) appointed in accordance with the pension scheme rules to be responsible for the discharge of the functions conferred or imposed on the scheme administrator of the pension scheme by and under Part 4 of Finance Act 2004.

This person must be resident in an EU member state or in Norway, Liechtenstein or Iceland (EEA states which are not EU states). The person must have made the declarations to HMRC required by section 270(3) Finance Act 2004.

scheme administrator employer payments

“A payment made —
(a) by a registered pension scheme that is an occupational pension scheme, and
(b) to or in respect of a person who is or has been a sponsoring employer,
for the purposes of the administration or management of the pension schemes” (Finance Act 2004 s180(1)).

scheme-based pension protection levy

Part of **pension protection levy** which may be made under Pensions Act 2004 s75. The other part is the **risk-based pension protection levy**.

scheme chargeable payment

An unauthorised payment by a pension scheme other than a payment that is exempted by section 241(2)

Finance Act 2004 from being a scheme chargeable payment (see list below), and a payment that the pension scheme is treated as having made and classed as a scheme chargeable payment by section 183 or 184 Finance Act 2004 because of unauthorised borrowing.

scheme designer

In relation to tax avoidance disclosure, this term refers to someone who helps design an avoidance scheme but who is not the promoter.

A scheme designer must pass any one of three tests to avoid being regarded as a promoter:

- **the benign test**
- **the non-advisor test**
- **the ignorance test.**

scheme loss

Term used in relation to **group mismatch scheme** (Corporation Tax Act 2010 s938C).

scheme of arrangement

Proposal drawn up by an independent organisation to offer ways of repaying debts which it cannot pay under the original terms.

scheme of reconstruction

In the context of capital gains tax “means a scheme of merger, division or other restructuring that meets the first and second, and either the third or fourth, of the following conditions” (Taxation of Capital Gains Act 1992 Sch 5AA para 1).

The four conditions relate to:

- 1 issue of ordinary share capital
- 2 equal entitlement to new shares
- 3 continuity of business
- 4 compromise or arrangement with members.

scheme pension

A pension entitlement provided to a member of a registered pension scheme, the entitlement to which is an absolute entitlement to a lifetime pension under the scheme that cannot be reduced year on year (except in narrowly defined circumstances) and meets the conditions laid down in paragraph 2 of Schedule 28 to Finance Act 2004. Section 9 (2B) Rights derived through section 9(2B) of the Pension Schemes Act 1993.

- scheme profit** Term used in relation to **group mismatch scheme** (Corporation Tax Act 2010 s938C).
- Scheme Reconciliation Service (SRS)**
Service offered by HMRC to assist defined benefit pension schemes adjust for the end of contracting-out in April 2016. It reconciles scheme details with HMRC records, particularly to identify non-active members.
- Scheme Reference Number (SRN)**
Code assigned to a tax avoidance scheme under the **Disclosure of Tax Avoidance Scheme (DOTAS) provisions**.
An SRN is issued at the discretion of HMRC. When it has issued an SRN, the promoter of the scheme must pass the number to clients who must use the number in reporting to HMRC their use of the scheme.
- schemes for rationalising industry**
Schemes for rationalising the ship building industry and so certified by the Secretary of State. Payments to such a scheme may be deducted from profits subject to corporation tax under Income and Corporation Taxes Act 1988 s568.
- Schengen Convention**
Convention on border controls operated by some European countries.
Those with coastlines are Belgium, Denmark, Finland, Germany, Iceland, Italy, Netherlands, Norway, Portugal, Spain and Sweden. As Iceland and Norway are not EU member states, someone sailing their own craft to or from any Schengen Convention country are subject to stricter controls than for other EU states (Customs notice 8).
It is named after the Luxembourg village where the convention was first agreed.
- schilling**
Old currency of Austria.
For VAT, **gold investment coin** issued by Austria and listed in VAT notice 701/12A.
- schlich**
Finer portions of crushed ore separated by water.
- schlock**
American slang for inferior merchandise.

scholarship	<p>This may be a taxable benefit in kind when provided by an employer (Income Tax (Earnings And Pensions) Act 2003 s211). For this purpose "scholarship includes a bursary, exhibition or other similar educational endowment" (ibid s211(3)).</p> <p>Such scholarships have been taxable on the employee since 15 March 1983.</p>
School Certificate	<p>The main examination taken by students between 1918 and 1951 at the age of 16. Students who stayed on, usually took the Higher School Certificate two years later. The School Certificate was replaced by O-levels.</p>
school company	<p>A company which is formed by the governing body of a school under the provisions of Education Act 1996 s482 (as amended by Education Act 2002 s65).</p>
school improvement partner	<p>Person appointed by a local education school to each school to advise the head teacher and governors on how they may improve standards (Education and Inspections Act 2006 s5).</p>
school-pence	<p>Sum paid to send a child to an elementary school. An Act of 1870 limited the amount to 9d a week; in 1891 free education became available. School-pence was abolished in 1918.</p>
school photograph	<p>The VAT arrangements have been the subject of a High Court case. The photographer supplied photographs to the school which resold them to parents at a price recommended by the photographer, keeping a percentage for itself. Customs issued an assessment on the photographer on the basis that the school was acting as his agent. The tribunal allowed the photographer's appeal. On the facts of the case, the school had no authority to create a contractual relationship between the photographer and parents (<i>Customs v P L A Paget. QB [1989] STC 773</i>).</p>
Schools Medical Service	<p>Body formed in 1907 to monitor and improve the health of school children.</p>
school surplus	<p>Amount that a local authority holds on behalf of a school. On becoming an academy, it must be transferred to the</p>

governing body (Academies Act 2010 s7).

School Teachers' Review Body Body established to review pay and conditions of teachers. It is established under School Teachers' Pay and Conditions Act 1991 s1, and was renamed under Education Act 2002 s119.

school trip Visit arranged by a school for its pupils. If this involves an overnight stay, there are provisions for relieving parents of the cost of such trips under Education Act 1996 s457 as amended by Education Act 2002 s200.

school uniform For VAT, this may be zero-rated if within the size limits set out in VAT Notice 714. The VAT tribunal held that it was not sufficient that the uniform was intended for children under 14 (*Smart Alec Ltd [2001] VTD 17832*).

scientific equipment For VAT on **charity funded equipment**, "is equipment designed to perform a scientific function. This includes precision measuring equipment and analytical equipment such as thermometers, weighing machines and spectrometers.

"Equipment that is not designed to perform a scientific function, but merely works on a scientific principle, is not scientific equipment".
(VAT notice 701/6).

scientific management View that a precise approach should be taken to issues of work and its organisation.

scientific research "Any activities in the fields of natural or applied science for the extension of knowledge" (Income and Corporation Taxes Act 1988 s82B(2) and Corporation Tax Act 2009 s88(3) and Income Tax (Trading and Other Income) Act 2005 s88(3)).

Capital allowances may be claimed under Capital Allowances Act 2001 ss437 to 452. A capital allowance has been allowed since 6 December 1962.

scilicet (sc) Latin: that is to say, to wit.

scintilla juris Latin: a spark or fragment of a right. This relates to an old property law that could allow property to revert to a previous owner. This provision was abolished by Law of

Property Amendment Act 1867 s7.

SCIO

Scottish charitable incorporated organisation.

scire facias

Latin: make [him] to know. An old form of writ.

scissors and paste

A text put together from parts of other texts.

SCL

Student of civil law.

slate-stane

Scottish term for a piece of slate that the devil had reputedly made from money.

ScLR

Scottish Law Reporter, series of law reports from 1865 to 1925.

SCM

(1) State certified midwife.
(2) Student Christian Movement.

SCN

St Kitts and St Nevis.

SCON

Scheme contracted-out number.

sconce

Fine imposed at Oxford University for a breach of etiquette or petty rule.

scope creep

In data processing, the tendency of the scope of a computer project to be expanded during development.
This tends to increase costs and delay implementation. In extreme cases (such as **TAURUS** for the London Stock Exchange) it can lead to the project being abandoned.

scorched earth

Policy of destroying one's own crops, livestock and other property to prevent them being used by an invading force.

score

(1) Quantity of 20.
(2) Result, or to achieve a result.
(3) A mark such as groove to cut a material. It was also once used for a notch on a tally stick.

Scorer v Olin

Alternative reading of the name of the case **Olin v Scorer**.

scoria	Dross of slag from metal smelting.
scot	Payment, such as for local taxation. This meaning now remains in the expression "scot free".
scot and lot	Old form of property rental used for local and national taxation. Scot was the tax, and lot was the portion of land allocated.
Scotch whisky	"Whisky which has been distilled and matured in Scotland" (Customs notice 39).
Scotch Whisky Association	Body with whom HMRC administers the Whisky Export Refund Scheme .
Scotland	<p>Country that forms Great Britain, with England and Wales. The kingdoms were united in Union with Scotland Act 1706 that remains law. Common currency is determined by Article XVI. Three Scottish banks retain the right to issue banknotes. These are promissory notes that are not legal tender anywhere, however they are accepted at face value by the Bank of England and are widely accepted in everyday use.</p> <p>Scotland has a separate legal system from England and Wales. Tax law is common under laws passed since 1706, though differences in law can be relevant in legal proceedings and enforcement. The Scottish Parliament (reinstated in 1998) has the right to vary the rate of basic income tax, but has never used this power. This has been amended by Scotland Acts 2012 (from 6 April 2016) and Scotland Act 2016 (from April 2017).</p> <p>There are differences in the laws regarding land, insolvency, inheritances, evidence, criminal law, trusts and family law. There are very few differences in company law, tax law, social security and consumer law.</p> <p>There are also many administrative differences. For example, Scottish universities do not charge university fees to Scottish residents, reducing student loan repayments.</p>
Scotland Yard	<p>Term used to mean the metropolitan police in general.</p> <p>The word comes from the place where its headquarter were based from c1842 to 1891, when it moved to New Scotland Yard, which has itself moved.</p>

The place name comes from its site as residence of the King of Scotland when visiting English.

Scots law	The independent system of laws and legal procedures which apply in Scotland.
Scots pint	Old unit of measure in Scotland, roughly equal to 3 English pints.
Scottish additional rate	Provision of Income Tax Act 2007 s10(4) that allowed the Scottish Parliament to vary the basic rate of income tax from 6 April 2016. The power was never used. It is replaced by new powers under Scotland Act 2016 which gives greater freedom for setting income tax rates in Scotland.
Scottish apprenticeships	<p>“Means apprenticeships undertaken under arrangements made —</p> <ul style="list-style-type: none">(a) in relation to Scotland, under section 2 of the Employment and Training Act 1973, or(b) under section 2(3) of the Enterprise and New Towns (Scotland) Act 1990, <p>that are identified by the person making them as arrangements for the provision of apprenticeships” (Apprenticeships, Skills, Children and Learning Act 2009 s40B(3) as inserted by Enterprise Act 2016 s26).</p>
Scottish authority	<p>In relation to apprenticeships, “means —</p> <ul style="list-style-type: none">(a) the Scottish Ministers, and(b) any body or other person that is prescribed, <p>or of a prescribed description” (Apprenticeships, Skills, Children and Learning Act 2009 s40B(3) as inserted by Enterprise Act 2016 s26).</p>
Scottish banknotes	<p>Currency notes issued by Bank of Scotland, Clydesdale Bank and Royal Bank of Scotland (RBS). These are issued under Bank Notes (Scotland) Act 1845, when there were 19 banks issuing their own notes.</p> <p>These notes are legally promissory notes. They are not legal tender (which is not part of Scots law) but are accepted at face value by the Bank of England, and thus by clearing banks and most traders.</p>

Scottish body	In relation to dealing with social security fraud, “means — (a) a local authority in Scotland, (b) a person authorised to exercise any function of such an authority relating to welfare services, (c) a person providing to a local authority in Scotland services relating to welfare services, or (d) a person prescribed or of a description prescribed by the Secretary of State” (Welfare Reform Act 2012 s131(12)).
Scottish basic rate	Provision of Income Tax Act 2007 s10(4) that allowed the Scottish Parliament to vary the basic rate of income tax from 6 April 2016. The power was never used. It is replaced by new powers under Scotland Act 2016 which gives greater freedom for setting income tax rates in Scotland.
Scottish charitable incorporated organisation (SCIO)	Form of charitable body that may be established in Scotland. It is similar to the charitable incorporated organisation in the rest of the UK.
Scottish Committee of the Council of Tribunals	Body abolished by Tribunals, Courts and Enforcement Act 2007 s45.
Scottish Consolidated Fund	Fund into which Revenue Scotland pays the tax it collects (Revenue Scotland and Tax Powers Act 2014 s5(1)).
Scottish Development Agency	Body formed in 1975 to promote the economy in Scotland. In 1991 it was replaced by Scottish Enterprise .
Scottish Enterprise	Public body of the Scottish government that promotes economic interests in Scotland. It was formed in 1991 under Enterprise and New Towns (Scotland) Act 1990.
Scottish pound	Unit of currency in Scotland until 1603. It was of equal value to the English pound until 1355 and then lost value.
Scottish Departments	Government departments which dealt with certain functions for Scotland. These were transferred to the Secretary of State for Scotland under Reorganisation of Offices (Scotland) Act 1939 s1. Some have been further

devolved to the Scottish Parliament.

Scottish Fiscal Commission Body that prepares forecasts and assessments in relation to taxes devolved to the Scottish Parliament. The body is created by Scottish Fiscal Commission Act 2016 s1.

Scottish General Anti-Avoidance Rule (SGAAR)
A general anti-avoidance rule introduced by the Scottish Parliament for devolved taxes. It is intended to be wider in scope than the UK rule.

Scottish higher rate Provision of Income Tax Act 2007 s10(4) that allowed the Scottish Parliament to vary the basic rate of income tax from 6 April 2016. The power was never used. It is replaced by new powers under Scotland Act 2016 which gives greater freedom for setting income tax rates in Scotland.

Scottish landfill tax (SLfT) Scottish equivalent to **landfill tax** that was devolved to the Scottish Parliament from 1 April 2015.

Scottish Legal Complaints Commission
Body established under Legal Profession and Legal Aid (Scotland) Act 2007 s1 to hear complaints of professional conduct or unsatisfactory professional conduct by members of the legal profession in Scotland.

Scottish legal services ombudsman
Person employed to hear complaints about Scottish lawyers. This office is replaced by the **Scottish Legal Complaints Commission**.

Scottish Parliamentary Standards Commissioner
Person appointed under Scottish Parliamentary Standards Commissioner Act 2002 s1.

Scottish partnership A partnership is regarded as a separate legal entity under Scots law, unlike English law.
Provisions about the income tax residence of a Scottish partnership are given in Income Tax Act 2007 s859.

Scottish public sector companies
Public sector company whose registered office is in

Scotland. Under Companies Act 2006 s483, Scottish ministers may require that such a company be audited by the Auditor General for Scotland.

Scottish rate

For income tax, "in relation to a tax year means a rate set by a Scottish rate resolution for that year" (Income Tax Act 2007 s989 as amended by Scotland Act 2016 s14(13)).

Scottish rate of income tax (SRIT)

The element of income tax that may be set by the Scottish Parliament from April 2016.

Under Scotland Act 2012, the UK government will set income tax rates in Scotland at 10 percentage points below the rest of the UK. The Scottish Parliament will then set the SRIT at 10% or some other percentage.

SRIT only applies to income from employment or self-employment, and to some forms of property investment income. Other forms of income, such as from savings and dividends, are subject to UK rates of income tax.

These provisions were never used. From 6 April 2017, they are replaced by greater powers introduced under Scotland Act 2016.

Scottish rate resolution

"Means a resolution of the Scottish Parliament under section 80C of the Scotland Act 1998" (Income Tax Act 2007 s989 as amended by Scotland Act 2016 s14(3)(c)).

Scottish recognised body

Term used in Charities Act 2011 s104.

Scottish shilling

Particular design of shilling minted from 1937, but legal tender throughout the UK.

Scottish taxpayer

Person who is liable to pay Scottish rate of income tax from April 2016.

The definition is given in Scotland Act 2012 s25. Broadly, it is someone who resided in Scotland for at least 183 days of the tax year or where Scotland is the part of the UK where they have the closest connection.

Scottish tax tribunals

Bodies that hear tax appeals in Scotland. They are regulated by Revenue Scotland and Tax Powers Act 2014 from s20.

Scottish term dates	<p>Four dates that correspond to the English quarter days. From 13 June 1991, these dates are 28th of February, May, August and September. The old Scottish term days were Candlemas (2 February), Whitsunday (15 May), Lammas (1 August) and Martinmas (11 November).</p>
Scottish variable rate (SVR)	<p>The right of the Scottish parliament to vary the basic rate of income tax by adding or subtracting 3p in the pound for all residents in Scotland. This right has never been used, though it was once considered as a means of scrapping the council tax. The provision is replaced by Scottish Rate of Income Tax from April 2016.</p>
Scott undertaking	<p>Voluntary undertaking provided by Customs, and subsequently HMRC, not to use tax investigations for covert purposes. This undertaking was provided after the collapse of the Matrix Churchill case in 1992. The company was charged with illegal export of arms to Iraq, which proved to have been authorised by government ministers. Scott found that Customs had used an ostensible routine VAT visit to check on the company, and held that Customs was guilty of illegal trespass. The undertaking was removed on 6 September 2011, as announced in a ministerial statement to Parliament. Such surveillance is now undertaken under the provisions of legislation such as Regulation of Investigatory Powers Act 2007.</p>
Scott Report	<p>Report published by Sir Richard Scott in 1996 into the export of defence equipment to Iraq in the 1980s, particularly by Matrix Churchill. The report was highly critical of the government and its departments, noting, for example that Customs could not even find out what the Ministry of Defence's export policy was.</p>
SCOTVEC	<p>Scottish Vocational Education Council. It has been replaced by the Scottish Qualifications Authority.</p>
SCP	<p>(1) Single compliance process. (2) Simplified Clearance Procedure, a Customs procedure under which exporters could submit an abbreviated</p>

customs pre-entry, or an approved commercial document at the time of export. Full statistical information would be provided after the goods are exported.

It is now replaced by electronic Simplified Declaration Procedure (SDP).

(3) Scheme chargeable payment, in pensions (Finance Act 2004 s158(4)).

SCR

- (1) **ISO code** for Seychelles rupee.
- (2) Senior common room.

scrap

Material left over from manufacturing activities, but which still has a value. A common example is metal left over from machining. It can be sold to a scrap metal dealer who melts it down for re-use.

In accounting, care must always be taken to ensure that scrap sales are accounted for as turnover. Where a scrap dealer is VAT-registered, it is common for the reverse charge method to be used.

scrap merchant

Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
4 January 2011	10.5%
1 January 2010	9.5%
1 December 2008	8.5%
1 January 2004	9.5%

scrap metal

Criminal law

It is generally an offence to pay for scrap metal in cash, or otherwise than by cheque, bank transfer, debit card or credit card (Scrap Metal Dealers Act 1964 s3A(1)). This is to deter theft of metal by ensuring that the seller can be traced.

Value added tax

VAT on scrap metal sales is often accounted for under the **reverse charge** as the dealer determines the price after identifying and weighting the metals.

scrappage

Government scheme whereby a person receives an allowance for scrapping an old car and buying a new

more environmentally-friendly car. In the UK the scheme was introduced from 1 June 2009. It provided £2,000 (half from the government, half expected from the car company) discount when a person bought a brand new car and scrapped one that was at least ten years old.

A similar scheme was subsequently introduced for domestic boilers.

scrap value

The value of an asset in terms of using it for the material it contains rather than as an asset. Almost always, the scrap value is much less than the asset value.

scratch

(1) Description of a group, particularly of musicians, that have been put together for a particular purpose after which the group is disbanded.

(2) Slang term for money.

scratch card

Card made of cardboard or plastic which contains concealed information that becomes legible when a surface (usually made of a form of latex) is scratched away, often using the edge of a coin. The card must be provided with this information covered.

The two main uses are for topping up mobile phones. The area reveals a code which can be sent to the phone company to add credit to the telephone.

The other use is for gaming. If the revealed area displays a winning combination or code, the holder is entitled to an instant prize. The first such cards were issued in 1974 by Scientific Games Corporation. The modern method was patented in the USA in 1987 by Astro-Med Inc.

Where a scratch card is offered as a promotional prize by a business, the card may be allowable as a low value business gift, provided the supplier's name is conspicuously displayed.

Whenever a scratch card, lottery ticket or similar is provided as a benefit, its taxable value is the list price that would have been charged to buy the ticket or card. Any prize won is tax-free and does not represent an additional benefit. Conversely, not winning a prize does not reduce the value of the card or ticket to zero (see Inspector's Manual at BIM 45085).

screen	Visual part of a computer monitor that displays input and output.
screen saver	Picture, pattern or other form of image that appeared in early forms of computer monitor after the computer had not been used for some hours. The image was intended to prevent damage to the screen from leaving an image.
screen scraping	Process which allows one website to access data from other websites, such as in account aggregation .
screw	(1) Slang for wages. (2) Force an unfair bargain. [The word has other meanings.]
screwing	(1) Slang for using a strong position to drive a hard bargain. (2) Criminal slang for breaking locks to steal from shops. [The word has other meanings.]
scribe	Person employed to write documents.
scriber est agere	Latin: to write is to agree.
scrimp	Get by on a small amount of money.
scrimshaw	Ingenious article created to while away time, particularly on a ship.
scrip	Document issued to a person of evidence of ownership of a financial instrument. Examples include share certificates and savings certificates. The word originally meant a pilgrim's pouch.
scrip dividend	Dividend payable in the form of new shares rather than in cash.
scrip issue	Another name for a bonus issue .
scripophily	Collecting of bond and share certificates, usually as a hobby.
scrivener	(1) Scribe; person who drafts contracts or other documents

(2) Person who lends money at interest.

scroll (1) Manuscript written on a roll of paper. For VAT, a scroll is not a zero-rated book (*The Hall of Names Ltd [1991] VTD 8806*).

(2) Move down pages on a computer screen.

Scrooge

Miserable miser.

The name comes from Ebenezer Scrooge in *A Christmas Carol* written by Charles Dickens in 1843.

scrounge

Cadge or beg.

scruple

Old weight of 20 grains. There are 24 scruples to an ounce.

The term is extended to mean doubt or hesitation.

scrutineer

Person who scrutinises, particularly of a trade union ballot under Trade Union and Labour Relations (Consolidation) Act 1992 s226B.

SCSI

Small Computer Systems Interface,

This is a control system that allows communication between the computer's process and other parts such as the hard disc.

scudo

Old Italian silver coin.

scullion

Servant employed for rough work. By extension, a contemptible person.

sculptor

An artist, sculptor, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005s221).

scunge

Australian and New Zealand slang term meaning to scrounge.

scutage

A feudal duty levied at various times between 1100 and 1322.

scute

Old French coin; old term for any coin of low value.

scuttling	Deliberate sinking of a ship, usually your own, for such purpose as preventing it falling into enemy hands or to claim insurance.
SD	(1) Supplementary Declaration, another name used to describe a post-shipment declaration. Under the New Export Scheme (NES) it is an electronic message sent to the Customs Handling of Import and Export Freight (CHIEF) system to declare statistical and control information for all consignments exported under either the Local Clearance Procedure (LCP) or the SDP. (2) Abbreviation: South Dakota.
sd	Sine die. Latin for without a day, not having a fixed date such as to continue a meeting or a hearing.
SDA	Service Delivery Agreement.
SDak	South Dakota.
SDBL	Sight draft bill of lading.
SDG	ISO code for Singapore dollar.
SDI	(1) Simplified Declaration Imports. (2) Strategic Defence Initiative.
SDL	Share and deposit liabilities, an accounting term used for banks and other financial institutions.
SDLP	Social Democratic and Labour Party , political party of Northern Ireland.
SDMA	Stamp Duties Management Act 1891.
SDP	<i>Customs duties</i> Simplified Declaration Procedure . This requires a two-stage declaration to the CHIEF system. The first stage is the provision of brief details of the consignment against which Customs clearance is given. The second stage requires the submission of a full supplementary declaration within a specified period. SDP is only available under the NES.

Politics

Social Democrat Party; a political party which was formed in the early 1980s and became very popular. Most of the SDP merged with the old Liberal party to form the Liberal Democrats.

Other meanings

Abbreviation: Sudanese pound, currency of Sudan.

SDR	(1) Special drawing rights. (2) Spirit Drinks Regulations 2008.
SDRT	Stamp duty reserve tax.
SDSL	Symmetric Digital Subscriber Line, a computer term.
SDVS	Spirit Drinks Verification Scheme.
SDW	Simplified Declaration Warehouse. This is a supplementary declaration submitted for goods removed from warehouse under Customs Freight Simplified Procedure (CFSP) arrangements.
SE	(1) Societas Europaea , a form of European company. (2) Country prefix code for Sweden. (3) Stock Exchange. (4) South East. (5) Society of Engineers
sea	"Includes any estuary or arm of the sea" (Prevention of Pollution Act 1971 s29(1)).
SEA	Single European Authorisation.
SEAC	School Examination and Assessment Council.
Sea Cadet Corps	Officers, adult instructors and adult warrant officers of this corps are a class of reservists (PAYE regulations SI 2003 No 2682 reg 122(2)).
seafarer	For tax purposes, employment as a seafarer means "employment consisting of the performance of duties on a ship or of such duties and others incidental to them" (Income Tax (Earnings And Pensions) Act 2003 s40(5)).

Where their duties are performed is explained in *ibid* s372.

A seafarer is entitled to tax relief for periods spent outside the UK under *ibid* from s378.

National insurance provisions for mariners are given in Social Security Contributions and Benefits Act 1992 s117.

seafarer's earnings deduction (SED)

Right of mariners to deduct 100% from taxable earnings.

seal

Mark on document

Impression made on a document to indicate its authenticity or authority.

A seal may be made by pressing a metal object such as a **signet ring** into soft sealing wax, or by making an impression on paper using a metal die.

For many years, every company had to have a **company seal**. This was circular and bore the company name. It was used on share certificates and other documents. In practice this was a metal die operated by a lever mechanism. The seal was often impressed on an adhesive red circle with triangular edging like a starburst.

Animal

The import of the fur or other products of such animals is generally prohibited from 20 August 2010

seal attestation

Document issued by the state authority in which a seal has been killed.

The certificate states that the animal was killed either:

- as a traditional hunt by Intuits (Eskimos), or
- as part of a national cull to maintain the

animal population.

Such a document may be needed to import seal products through UK Customs.

sea lawyer

Colloquialism for a person who seeks to avoid blame on grounds of trivial technological grounds. It is an allusion to the practice allegedly developed by lawyers in the American Navy.

sealed orders	Orders given in a sealed envelope or container, and which must not be opened until a condition is met.
sealed will	Will that has been granted probate by being sealed by a judge rather than being made public. Royal wills have been sealed since 1910.
sealing fee	A charge made by some lenders when they release their legal charge over the deeds.
sealing press	Office machine comprising a press with a big lever. It allows a metal die to make an impression on documents. A smaller version is known as a library press . Such presses were traditionally used when a company seal was required, or to indicate that stamp duty had been paid.
sealing wax	Compound which has been used for sealing letters and packages from the 16th century. It is still available though rarely used other than for ceremonial purposes. It is advisable for the seal to be covered with oil before use.
sea-lion	The import of the fur or other products of such animals is generally prohibited from 20 August 2010
seaman	Another term for a seafarer .
SEAQ	Stock Exchange Automated Quotation system. It is "the London Stock Exchange's non-electronically executable quotation service that allows market makers to quote prices in AIM securities (not traded on SETS or Sets) as well as a number of fixed interest securities" (London Stock Exchange website).
search	(1) Examination of a person. For Customs purposes, there are three types of search specified in Customs and Excise Management Act 1979 s164(5): intimate search , rub-down search and strip search . (2) In computing, software that finds data such as by looking for a key word in a document.
search and rescue charity	A charity whose main purpose is to conduct search and rescue operations in the UK or UK marine area, or a body

whose main purpose is to develop and promote the activities of such a charity.

The full set of conditions are set out in Value Added Tax 1994 s33D(5)-(8).

From 1 April 2015, such a charity may claim VAT input tax relief.

- search and seizure warrant** Warrant which may be issued under Proceeds of Crime Act 2002 s352.
- search engine** Computer program that looks for websites according to criteria (usually key words) entered by the user. Google is the most popular search engine.
- search engine optimisation (SEO)** Process of rewriting content on websites so that it appears as high as possible on a list of sites produced by a search engine.
- search (frictional) unemployment** When somebody loses their job (or chooses to leave it), they will have to look for another one. If they are lucky they find one quite quickly, but they may be unlucky and it may take some time. On average it will take everybody a reasonable period of time as they search for the right job. This creates unemployment while they look. The more efficiently the job market is matching people to jobs, the lower this form of unemployment will be. However, if there is imperfect information and people don't get to hear of jobs available that may suit them then search unemployment will be higher.
- season** Part of a year which has a common characteristic. Traditionally the four seasons are spring, summer, autumn and winter, each of about three months. In commerce, a season usually refers to a period which has a common characteristic, such as a summer season or Christmas season which has a particularly relevant pattern of income.
- seasonal adjustment** Any amendment made to an accounting figure to reflect the **season** to which it relates.

Seasonal Agricultural Workers Scheme (SAWS)

Scheme that provides a measure of exemption from national insurance for seasonal workers engaged in agriculture.

seasonal business

Business whose activities vary from **season** to season, such as those businesses which particularly cater for holidays or Christmas.

seasonally adjusted

Adjusted to reflect the season to which it relates. Some unemployment figures are seasonally adjusted.

seasonal pitch

In the context of VAT exemption on land for seasonal caravan accommodation "is —
(a) a pitch on a holiday site other than an **employee pitch**, or
(b) a non-residential pitch on any other site
(Value Added Tax 1994 Sch 9 Group 1 Note (14) as amended by Value Added Tax (Land Exemption Order) SI 2012 No 58 with effect from 1 March 2012).

season ticket

Ticket that grants permission for a period of time, such as for a week, month or season.
An interest-free or low-rate loan of up to £5,000 from an employer to buy a season ticket for work is not a taxable benefit in kind.

seat rent

Another name for **pew rent**.

sea wall

For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
Corporation tax provisions for expenditure on sea walls are given in Corporation Tax Act 2009 s254. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 s315.
A sea wall is defined in those sections as including "other embankment necessary for the preservation or protection of the premises against any encroachment or overflowing of the sea or any tidal river".

SEC

Securities and Exchange Commission, the US regulatory authority for stock markets.

sec	<p>(1) Second (measure of time)</p> <p>(2) Section.</p> <p>(3) Secretary.</p> <p>(4) Dry, as a description of wine.</p>
second	<p>(1) That which ranks as number 2 in an order.</p> <p>(2) Unit of time equal to one sixtieth of a minute.</p>
second abolition date	<p>The date when national insurance contributions cease to qualify for a rebate for members of a defined benefit occupational pension scheme (Pension Schemes Act 1993 s7A as inserted by Pensions Act 2014 Sch 13 para 6). The date is 6 April 2016.</p> <p>The first abolition date was when such rebates cease to qualify in respect of defined contribution schemes. That date was 6 April 2012.</p>
second adult	<p>Adult who lives with a claimant for council tax benefit. A second adult can increase the amount of benefit.</p> <p>The second adult must be at least 18, count as an adult for council tax purposes, and not be someone who is jointly liable for council tax.</p>
second adult rebate	<p>Addition to council tax benefit that allows a claimant to claim an additional sum for a second adult who is not liable for council tax and does not pay rent to the claimant.</p>
secondary action	<p>Action taken by a trade union in support of a dispute in which it is not directly involved. This is generally unlawful under Trade Union and Labour Relations (Consolidation) Act 1992 s224.</p>
secondary contract	<p>A contract whose purpose is to influence the operation of another contract.</p> <p>In Consumer Rights Act 2015 s72 (before 1 October 2015, Unfair Contract Terms Act 1977 s23), a secondary contract is void if it seeks to negate consumer rights given by the Act in the other contract.</p>
secondary contributor	<p>Person who is liable to pay the secondary rate of class 1 national insurance (Social Security Contributions and Benefits Act 1992 s7).</p> <p>For employment, this is the employer. In other</p>

	cases, the secondary contributor is identified by the Act or regulations.
secondary data	Researching information which has already been published.
secondary home	A home which is either owned or rented; and is used only occasionally. For Customs purposes, a definition is given in Customs notice 3.
secondary industry	Industry which uses prime materials (produced by a primary industry) to produce manufactured items. Examples of secondary industry include tiles or flour.
secondary lease period	Period of a lease when only nominal payments are paid for the use of goods.
secondary market	Private transaction between two parties involving a trade in shares or similar securities, as against a trade on a primary market such as a recognised stock exchange.
secondary picketing	Picketing a place by those who do not work there but give their support to those who do and are on strike. It is now illegal.
secondary threshold (ST)	Threshold at which an employer becomes liable to pay class 1 national insurance in respect of a particular employee. For the years 2001/02 to 2010/11, the threshold was the same as for employees and were therefore known as the earnings threshold .
secondary ticket market	Market which buys and sells tickets for concerts and sporting events, particularly those which are expected to sell out or where tickets are likely to become difficult to obtain from the organisers. When not sanctioned by the organisers, this is commonly known as ticket touting. In some circumstances such touting is illegal, or the tickets sold become invalid.
second half	The last six months of a particular year. The second half of a calendar year is from 1 July to 31 December.

second hand	Description of an item which has already been used by someone else.
second-hand goods	<p>Items which have been previously owned.</p> <p>For income tax, second-hand goods may be caught by the pre-owned assets rules where a person continues to receive a benefit from an asset which has otherwise been given away.</p> <p>For VAT, there are special margin schemes for second-hand goods which allows VAT to be charged on the profit margin only, and not on the whole price of the goods. Details are given in VAT leaflet 718.</p> <p>Before 1 January 1995, such schemes could only be used for certain types of second-hand goods.</p>
second home allowance	Allowance provided to a person towards the cost of a second home which is required by their work. Such an allowance is paid to Members of Parliament. In May 2009, there was a scandal about how some members exploited this allowance for their personal benefit.
second land tax	A tax charged in 1405 at a rate of £1 on each £20 worth of land.
second mortgage	Further mortgage granted on a property which is already subject to one mortgage.
secondment	Arrangement where a person or asset is lent to another organisation for a defined period. The term is most commonly used when a person from one organisation works for another.
Second Pension Scheme	<p>System of additional pension proposed by the Conservative party in 1974 as a replacement for graduated pension but never implemented as they lost both general elections.</p> <p>Eventually, the Labour government introduced SERPS in 1978 with all-party support.</p>
second poll tax	Tax charged from 1513 to 17 th century.
second purchase price	Term used in relation to the alternative finance arrangement known as purchase and resale

	arrangements (Taxation of Capital Gains Act 1992 s151J).
second purchaser	A guarantor in a sale.
second quarter	The second three-month period in a particular year. The second quarter of a calendar year is the period from 1 April to 30 June.
seconds	(1) In retailing, goods which are not of normal saleable quality but are still good enough to be sold, usually at a lower price. (2) In gambling, cheating by dealing the second card instead of the top card.
second six	For barristers, the second six months of pupillage which is practising.
second string	Alternative choice; provision that can be pursued if original plan is discontinued.
second tax year	For trading, "the basis period for the second tax year in which a person carries on a trade" (Income Tax (Trading and Other Income) Act 2005 s200). The section continues with how that basis period is to be determined.
second unique tax	A tax of 1411 which repeated the unique tax of 1404.
Second World	Term, now rarely used, for Eastern Europe.
secrecy	Withholding information for its own sake, which is neither privacy nor confidentiality.
sec reg	Abbreviation: secundum regulam, Latin for according to the rule.
secret	Concealed or hidden from general view. The term refers to something which is deliberately concealed. Confidentiality and privacy are forms of secrecy for which there are particular legal provisions.
secretaire	Cabinet that folds out to become a writing desk.
secretariat	Group of secretaries.

secretary	(1) Clerical assistant who deals with the day-to-day business or another person, usually a senior person. (2) Chief administrative officer, particularly of a non-profit-making body.
secretary hand	Old form of neat handwriting.
Secretary of State	“Means one of Her Majesty’s Principal Secretaries of State” (Interpretation Act 1978 Sch 1).
secret reserves	<p>Reserves which are concealed so as not to be evident from a balance sheet. A distinction is usually drawn between secret reserves and hidden reserves, where the latter are shown on the balance sheet but may not be obvious.</p> <p><i>Bookkeeping and Accounts</i> by Spicer and Pegler identifies nine methods for creating secret reserves in accounts:</p> <ol style="list-style-type: none">1 Writing down assets below their market value by excessive provision for depreciation.2 Writing off assets altogether, although they are still of value3 Creating excessive provisions for bad debts4 Charging capital expenditure to revenue5 Omitting goodwill from the accounts6 Overstating liabilities in the balance sheet7 Treating reserves for contingencies as provisions for specific liabilities8 Grouping free reserves with liabilities, so as to inflate the liabilities on the balance sheet9 Crediting exceptional or non-recurring profits direct to a contingencies reserve, and including such reserves in the liabilities on the balance sheet. <p>It should be realised that most of these methods now contravene accounting standards.</p>
secret trust	Trust created by a testator who leaves property to someone in a will for to hold for the benefit of another who is not identified in the will. A secret trust is legal.
section	Part of an Act of Parliament.
section 12 kerosene	“Means heavy oil of the description given by paragraph (c) of section 11(1) of the [Hydrocarbon Oil Duties Act

1979]" (Hydrocarbon Oil (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

section 13 pension

Pension entitlement that arises under Pensions Act 2014 s13. The term is used in Pensions Act 2014 Sch 9.

section 13AA kerosene

"Means kerosene of the description given by sections 13AA(5) of the [Hydrocarbon Oil Duties Act 1979] for the purposes of sections 13AA and 13AB of the Act" (Hydrocarbon Oil (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

section 24 duty

Requirement for a trade union to maintain a register of its members under Trade Union and Labour Relations (Consolidation) Act 1992 s24.

section 25 List of Schengen Acquis states

List of member states of the European Union.
It is referred to in Immigration Act 1971 s25(7).

section 30 disposal

Term used in Taxation of Capital Gains Act 1992 in relation to a disposal of shares where **value shifting** has taken place.

section 32 policy

Another name for a **buyout policy** used to transfer a pension entitlement.

section 33 refund

Refund of VAT that may be claimed by local authorities and some other public bodies under Value Added Tax Act 1994 s33.

section 35 amount

Term used from 6 April 2013 in relation to calculating **age allowance**. This restricts the allowance by half the excess of income over this amount. The term is defined in Income Tax Act 2007 s35(2A) as inserted by Finance Act 2013 s4.

section 35 losses

Term used in Income and Corporation Taxes Act 1988 s444AEB(4) to mean "... losses computed in accordance with life assurance trade profits provisions". The reference is to Corporation Tax Act 2009 s35.

Before 2009, these were known as Case I losses.

section 35 profits	Term used in Income and Corporation Taxes Act 1988 s444AEB(4) to mean "profits... computed in accordance with life assurance trade profits provisions". The reference is to Corporation Tax Act 2009 s35. Before 2009, these were known as Case I profits.
section 37 application	Application to vary a local authority licence regarding the premises supervisor (Licensing Act 2003 s37).
section 38 contribution notice	Notice sent by the Pensions Regulator under Pensions Act 2004 s38 where there is evidence that steps have been taken to avoid recovery of a debt owed by an employer to a final salary (or defined benefit) pension scheme.
section 42(7) claim	Claim made in accordance with Taxes Management Act 1970 s42(7). This section lists provisions in other Acts under which a claim may be made for tax relief.
section 45A allowance	First year allowance for energy-saving plant or machinery, as allowed by Capital Allowances Act 2001 s45A.
section 45H expenditure	"Expenditure that is first-year qualifying expenditure under [Capital Allowances Act 2001] s45H" (Capital Allowances Act 2001 s45J(6)). This relates to environmentally friendly plant.
section 45H allowance	Capital allowance for environmentally friendly plant or machinery, under Capital Allowances Act 2001 s45H.
section 45K allowance	First year allowance allowed under Capital Allowances Act 2001 s45K.
section 47 contribution notice	Notice issued by the Pensions Regulator under Pensions Act 2004 s47 when there has been insufficient financial support for a final salary (or defined benefit) scheme.
section 48 notice	Notice issued under Immigration Act 2014 s48(7) or (8) in enquiring into a suspected sham marriage.
section 53 scheme	Pension scheme "formerly certified under Services to Pensions Industry financial supervision arrangements" (CA 84 Stakeholders Pension Scheme Manual, published

by HMRC).

- section 61 expenses** Expenses incurred by **tenants under taxed leases**, as set out in Income Tax (Trading And Other Income) Act 2005s61.
The term is used in *ibid* s63.
- section 62 earnings** Earnings that come within the scope of Income Tax (Earnings And Pensions) Act 2003 s62.
The expression is used in s287 of the same Act.
- section 67 pension scheme** "A pension scheme which is established under section 67 of the Pensions Act 2008" (Finance Act 2011 s68(4)).
- section 104 holding** Holding of shares under the terms of Taxation of Capital Gains Act 1992 s104. This regards shares of the same class in the same company as being treated as a single asset.
- section 106 money** Amounts paid under Town and Country Planning Act 1990 s106 as a condition of receiving planning permission. The funds must be to address a matter without which the permission could not be granted, such as improved transport facility.
- section 131 rights** Inheritance rights of a **civil partner** and their children, as conferred by Civil Partnership Act 2004 s131. These rights are generally identical to those of a husband or wife. In Scotland, these rights also apply to **legitim**.
- section 148** In relation to pensions, refers to Social Security Administration Act 1992 s148. This deals with revaluations of pension benefits.
- section 176 allowance** For long funding leases, an allowance given in accordance with the provisions of Capital Allowances Act 2001 s176.
- section 222 scheme** Employer-funded pension scheme that was approved under Income and Corporation Taxes Act 1970 s222 immediately before 6 April 1980.
The current tax position of such schemes is given in Income Tax (Earnings And Pensions) Act 2003 s395A.

section 282 resolution	Resolution made by a charity under Charities Act 2011 s282 to spend a large fund.
section 332DA expenditure condition	In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 ss332I(3).
section 332DB expenditure condition	In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 ss332I(4).
section 338 expenses	Travelling expenses that may be paid to an employee tax-free under Income Tax (Earnings And Pensions) Act 2003 s338.
section 390 scheme	Term used in relation to disguised remuneration (Income Tax (Earnings And Pensions) Act 2003 s554X(12)).
section 615(3) scheme	Superannuation fund to which Income and Corporation Taxes Act 1988 s615(3) applies.
sectional balancing	Bookkeeping procedure of balancing part of a ledger as a step in balancing the whole ledger. Each part is balanced separately, and the total of all parts are then balanced. Such methods are not required in computerised accounting.
sectioning	Informal term when a person is committed to care under Mental Health Act 1983.
sector	Identifiable part of an economy, such as the private sector or charitable sector.
sectoral professions	For the purposes of EU law on recognition of qualifications, the term means the professions of doctor, nurse, dental practitioner, veterinary surgeon, midwife, pharmacist and architect,
secured	Description of a loan subject to a condition that the lender may take ownership of an asset if the borrower defaults on payment. A mortgage is a secure loan.
secured creditor	Person to whom money is owed under a secured loan.

secured debt	Debt, non-payment of which allows the creditor to take the debtor's property.
secured loan	Loan made on the basis that certain goods may be seized by the lender if not paid. A mortgage is a secured loan on a home.
secured pension	Either a lifetime annuity or a scheme pension.
securities	<p>Another name for stocks and shares but also applies to any approved or registered financial instrument, such as bonds.</p> <p>For company law, the term is defined in Companies Act 2006 s783.</p> <p>For employment income, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s420.</p> <p>The tax treatment for dealers in securities is given in Corporation Tax Act 2009 from s128.</p> <p>For the accrued income scheme, a definition is given in Income Tax Act 2007 s619.</p>
securities account	Account which records the securities held by an individual or organisation.
securities acquired for less than market value	In relation to employment income, there are specific provisions in Income Tax (Earnings And Pensions) Act 2003 from s446Q.
Securities and Exchange Commission (SEC)	American official body which regulates the securities markets.
Securities and Futures Association (SFA)	A regulatory body which polices investment businesses, such as stockbrokers.
Securities and Investments Board (SIB)	The overall regulator of financial services set up under the Financial Services Act 1986. It is now replaced by the Financial Services Authority .
Securities Directive	"Means Directive 2001/34/EC of 28 th May 2001 on the admission of securities to official stock exchange listing

and on information to be published on those securities as amended" (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(1)).

securities disposed of for more than market value

In relation to employment income, there are tax provisions in Income Tax (Earnings And Pensions) Act 2003 from s446X.

securities house

For the purpose of derivatives, this term is defined in Corporation Tax Act 2009 s709.

Securities Institute

Professional body of securities and investment professionals formed in 1992. In 2009, it received a royal charter and is now called the **Chartered Institute for Securities and Investment (CISI)**.

It offers five classes of member: affiliate, student, associate, member and fellow. The last three may use the designatory letters ACSI, MCSI and FCSI.

securities of negligible value

Securities regarded as being of **negligible value** for purposes of capital gains tax.

securities option

In relation to employment income, "means a right to acquire securities other than a right to acquire securities which is acquired pursuant to a right or opportunity made available under arrangements the main purpose (or one of the main purposes) of which is the avoidance of tax or national insurance contributions" (Income Tax (Earnings And Pensions) Act 2003 s420(8)).

securities transactions

In relation to HMRC data-gathering powers, "means —
(a) transactions in securities,
(b) transactions under which a representative payment has been, is to be or may be made, or
(c) the making or receipt of a **representative payment**"
(Finance Act 2011 Sch 23 para 19(3)).

securitisation

Process of making something into a saleable financial product. A common example is packaging loans.

security

An asset which a borrower offers to give up to a lender should the borrower default on the loan.

For child trust funds, the term “means any loan stock or similar security of a company whether secured or unsecured” (Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b)).

- security for payment of PAYE** This may be required under the provisions of PAYE regulations SI 2003 No 2682 from reg 97M, which is effective from 6 April 2012.
- security for VAT** VAT law allows HM Revenue & Customs to require the provision of an amount of security where it is considered that a business represents a risk to the collection of VAT.
- security deposit** Amount paid by one party to a transaction to indicate the seriousness which that party attaches to the transaction. Should the transaction not proceed, the security deposit is forfeited to the other party.
- security feature**
- Company car**
Feature provided on a company car “in order to meet a threat to the employee’s personal physical security which arises wholly or mainly because of the nature of the employee’s employment” (Income Tax (Earnings And Pensions) Act 2003 s125A). From 6 April 2011, such a feature does not increase the list price of the car from which the employee’s car benefit is calculated.
- The features are:
- “(a) armour designed to protect the car’s occupants from explosions or gunfire,
 - (b) bullet-resistant glass,
 - (c) any modifications to the car’s fuel tank designed to protect the tank’s contents from explosions or gunfire (including by making the tank self-sealing), and
 - (d) any modification made to the car in consequence of anything which is a relevant security feature by virtue of paragraphs (a), (b) or (c)” (Income Tax (Earnings And Pensions) Act 2003 s125A(3)).
- Documents**
For documents, any characteristic of a document which is intended to make forgery difficult. Examples include threads such as stardust, holographic features, changing images, special paper, complex background designs,

tactile surfaces, tactile printing, and signatures.

security management functions

Term used in National Health Service Act 2006 s195 to describe functions to prevent and detect fraud in the NHS.

security seal

A **trader seal** that can withstand a force of 1000 kilograms. Further details are given in Customs notice 205.

security threat

For tax, the provision of accommodation is not a taxable benefit if provided to protect an employee from a security threat (Income Tax (Earnings And Pensions) Act 2003 s100).

The threat must be to the employee rather than to property.

security

Provisions taken to reduce risks, and which can therefore lead to a reduction in insurance premium.

SED

(1) Single European Declaration, the EU form used to declare imported goods to Customs.

(2) **Seafarer's earnings deduction.**

se defendo

Latin: in self-defence.

sedentary work

Work that may be done while seated, such as office work.

sederunt book

In Scotland, register of sequestrations.

sediment

Solid matter that settles from a suspension in liquid.

For some beer this may produce **undrinkable sediment** on which beer duty may be relieved.

sedition

Crime of using speech or action designed to undermine the state but short of treason.

Sedol number

Stock Exchange Daily Official List number.

This is a code allocated by the London Stock Exchange to identify a particular share or security.

seduce	Cajole or persuade a person to engage in improper activity, not necessarily illegal or sexual.
SEE	Small earnings exemption , for class 2 national insurance.
see	As a noun, the seat of a bishop. The word has a similar meaning to diocese.
seed	For VAT purposes, seeds are zero-rated if used to grow plants for human or animal consumption. Seeds for other purposes, such as flower seeds, are standard-rated.
SEED	(1) System for Exchange of Excise Data, an EU-wide database of Tax Warehouses and Registered Traders. (2) Scottish Executive Education Department.
seed	A seed may be zero-rated for VAT if used to produce plants for human consumption or as animal feeding stuff (Value Added Tax 1994 Sch 8 Group 1 Item 3).
seed corn	Another term for seed money . The analogy is to grain which a farmer does not sell but keeps to produce future harvests.

Seed Enterprise Investment Scheme (SEIS)

Tax-advantaged investment scheme for investments in newly formed businesses. The law is Income Tax Act 2007 from s257A.

It complements **enterprise investment scheme (EIS)** while being more restrictive in scope but more generous in tax relief. SEIS uses many of the rules of EIS.

The main elements of the scheme are:

- relief is given for purchase of ordinary shares
- the shares must have first issued from 6 April 2012
- income tax relief is given at 50% of the cost of the shares to a maximum of annual investment of £100,000
- the shares must be held for three years or the relief is clawed back
- there is a carry-back provision where SEIS investment can be offset against income of the previous tax year, but not to before 6 April 2012
- capital gains tax is charged on only half the

gain if the proceeds of an SEIS investment are reinvested in a way that also qualifies for tax relief. (This provision was originally intended to apply only in 2012/13 for the whole gain, but has been extended in scope and halved in value)

- any reinvestment of an SEIS gain must still be within the £100,000 annual limit
- capital gains tax is not charged on the disposal of shares held for at least three years
- a company that has raised funds under SEIS may raise further funds under EIS or a venture capital trust.

seed money

A grant or contribution used to start a new project or organisation.

seeking planning permission

In relation to mineral extraction, "includes pursuing an appeal against a refusal to grant planning permission" (Capital Allowances Act 2001 s396(3)).

seesaw

Playground device where two people (usually children) sit at each end of a hinged plank and bob up and down. By extension, it describes any thing that seems to alternate in rising and falling, such as a share price.

see through

Description of a tax provision that looks beyond the structure of a transaction or relationship in determining tax liability.

An example is a **bare trust**, where the beneficiary is taxed on the trust income. Another example is a **controlled foreign company** that does not meet the conditions for avoiding UK tax. Such tax avoidance cases as **Furniss v Dawson** introduce see through provisions.

see-through register

Security feature on modern Bank of England notes.

Each side of the note has part of the £ sign printed on it. Only when held up to the light does the complete £ symbol appear.

SEF

Structured enquiry form, a method whereby payrollers may obtain answers to questions by e-mailing HMRC using its website.

sefdydliad elusennol corfforedig

Welsh: charitable incorporated organisation.

SEFT

South East Flexible Ticketing, a programme to provide flexibility and co-operation between public transport bodies in South East England.

segmental reporting

Reporting revenue, profit, cash flow assets, liabilities for each geographical and business segment within a business, identifying segments by the way the organisation is managed.

segmentation

(1) In investment, the option to take a proportion of the investment and leave the rest invested, such as taking 10% of a pension and leaving the other 90% invested.
(2) The process of dividing a market into groups that display similar behaviour and characteristics.

segregation

Separation of people according to a characteristic, particularly their colour or race. Segregation is usually an offence under equality laws.

seignorage

The difference between the face value of a banknote or coin and the cost of producing it, which is usually much less.

In the UK seignorage was introduced in 1914, before which the value of a coin was represented by its metal content, and banknotes were promissory notes for coins. Seignorage is sometimes seen as a tax.

SEIS

Seed Enterprise Investment Scheme.

seise

Old spelling of seize, which is still used in some legal contexts.

seisin

Possession of a freehold interest in land.

Historically this arose from feudal law.

seisina facit stipitem

Latin: seisin makes the stock of descent. This is an obsolete rule relating to the inheritance of property.

seizable property

Property that may be seized under Proceeds of Criminal Justice and Police Act 2001. The term is used in sections

50 and 51.

- seize** The term includes “copy” in Criminal Justice and Police Act 2001 s63.
- seized money** Money that is claimed under Proceeds of Crime Act 2002 s67.
- seizure** Forcible removal of someone’s property, such as when a debt or tax is outstanding and normal methods of recovery have failed.
Seizure of goods by Customs is explained leaflet 12A.
- seizure information notice** Notice sent by Customs in respect of goods seized when the owner was not present. If the owner was present, a **notice of seizure** is issued instead.
- SEK** **ISO code** for Swedish krona.
- Sel Cas t King** Selected Chancery Cases, series of law reports for the period 1724 to 1733.
- select committee** Body comprising members of Parliament who investigate, report and make recommendations in specified areas. The select committee that deals with finance is the Public Accounts Committee.
- selective employment tax (SET)**
Tax charged at a flat weekly rate on employing people between 5 April 1966 to 31 March 1973. It was abolished when **value added tax** was introduced.
The tax was payable for every employee for whom the employer had to pay national insurance.
From 4 September 1967, all employers were classified in one of three groups. The first group (mainly manufacturing in development areas) had the tax refunded with a premium added. The second group (mainly food, agriculture, transport and mining) had the tax refunded without a premium. The third group comprised everyone else who paid the tax without refund.
A lower rate was paid for women, and lower rates for boys and girls under 18. The final weekly rate, charged

from 5 July 1971, was £1.20 for a man, 60p for a woman or boy, and 40p for a girl.

self-actualisation

Highest level of **Maslow's hierarchy**, when a person is sufficiently motivated to achieve their goals.

self administered scheme

Occupational pensions scheme where the assets are invested and managed by the trustees or an in-house investment manager.

self-assessment

Requirement for a taxpayer to calculate the amount of tax due when submitting a **personal return**. Alternatively, the taxpayer may submit the return earlier to allow HMRC to calculate the tax. The general requirement is contained in Taxes Management Act 1970 s9.

self-assessment autocoding

Procedure whereby a person's tax code is automatically adjusted from data entered on a self-assessment tax return. This procedure was introduced from September 2011.

self-balancing ledger

Ledger where both individual transactions are recorded and where the total of those transactions are also recorded. The two sets of totals should always agree. Even in manuscript accounting, this procedure should not be necessary.

self-billing

Arrangement where a customer makes out tax invoices for his or her VAT registered supplier and sends a copy to the supplier, usually with the payment.

This arrangement is used in areas where it is the customer who knows the amount to be billed, such as for scrap metal and publishing royalties.

self-build

Building project where a house is constructed to a person's exact specification.

self-certification

When a person signs a certificate about himself or herself. An example is form SC2 that may certify an employee's sickness for up to seven days.

self-contained unit

For council tax, a building or part of a building that has been constructed or adapted for separate living accommodation. It can include a caravan or boat.

The unit should usually contain provisions for sleeping, cooking and washing.

self-determination	In politics, the right of every nation to determine its own affairs.
self-employed	Someone who works for himself. Great care must be exercised in ensuring that a person is legally within the scope of self-employment to avoid tax liabilities. See Demibourne .
self-employed contributions	National insurance contributions made by self-employed people. In practice these are class 2 and class 4.
self-employed earner	For national insurance, "means a person who is gainfully employed in Great Britain otherwise than in employed earner's employment (whether or not he is also employed in such employment)" (Social Security Contributions and Benefits Act 1992 s2(1)(b)).
self-financing	Description of an organisation or activity which generates enough money for its own future needs.
self insured scheme	A program financed entirely by the employer for insuring employees instead of purchasing coverage from an insurance company.
self-investment	Extent to which an occupational pension scheme may invest in the sponsoring employer. From 9 March 1992, this is generally limited to 5% of pension funds in the wake of the Maxwell pension scandal.
self-liquidating loan	Short-term loan secured against something that will raise the funds to pay back the loan, such as on growing crops.
self-loading	In relating to criminal law on a firearm, means "that it is designed or adapted (otherwise than as mentioned in section 5(1)(a)) so that it is automatically re-loaded" (Firearms Act 1968 s57(2A)).
self-made man	Man who has risen from poverty to prosperity by his own efforts.

self-propulsion	<p>In relation to the VAT position for a houseboat, “refers to any vessel that is either:</p> <ul style="list-style-type: none">• independently propelled, or• not independently propelled but could be readily adapted to be capable of self-propulsion, for example by installing an engine, propeller or mast.” (VAT leaflet 701/20).
self regulating organisation (SRO)	<p>A body authorised by the Securities and Investment Board to regulate and supervise investment business or financial service activities.</p>
self regulation	<p>System whereby an area of activity sets up an organisation to regulate its proceedings. Most professions are subject to self regulation.</p>
self-representation	<p>When a person is assumed to be representing himself, and not acting as an agent for someone else.</p> <p>UK law and Customs law generally assume that a person is acting on his own behalf unless he makes it expressly clear that he is acting as agent.</p>
self-select PEP	<p>A general PEP where you can choose which funds you'd like to invest in.</p>
self-sequestration	<p>In Scotland, sequestration proceedings started by the debtor himself.</p>
self serve facilities	<p>Those parts of HMRC on-line filing system that are operated by the taxpayer or agent.</p>
self-service	<p>Shop where customers select the goods they wish to purchase and take them to a counter for payment. Such shops started to emerge in the 1940s and became the standard method for most retailers during the 1960s.</p>
self-sufficient	<p>Description of a person, group or organisation which can manage without outside assistance. In the context of people from overseas, self-sufficiency means with an income above income support rates.</p>
self-supply	<p>Where the use of goods or services in a business, which the business itself has made or acquired.</p>

Normally, no VAT is due as a taxable supply has not been made. The exceptions for VAT are:

- a motor manufacturer or dealer who uses a car in the business
- a car on which the trader claimed input tax (such as a hire car or driving school car) is put to another use
- using own labour to construct a non-residential building, or to increase floor size by more than 10% (VAT Notice 700).

sell

Make a transaction whereby a person or organisation provides a product or service for payment. The transaction is known as a sale.

Profits from sales are usually subject to corporation tax or income tax. A sale is usually a supply for VAT purposes if the seller is, or should be, registered.

seller

In relation to a transfer of stock in the course of a trade, means "the person who makes the transfer" (Corporation Tax Act 2009 s170 and Income Tax (Trading and Other Income) Act 2005 s181(2)).

selling plate

Horse race where the owners agree that the winners will be sold at a previously agreed price.

Sellotape

Trade name for a brand of clear adhesive tape.

sell-out

The right of shareholders to require their shares to be purchased by someone who has acquired the rights to at least 90% of the shares in a **takeover bid**.

The relevant law is found in Companies Act 2006 from s983.

The converse right to buy such shares is called a **squeeze-out**.

sell to cover

Instruction to sell shares to realise funds to meet a liability, such as to pay tax.

The term is particularly used in relation to employee schemes where a charge under Income Tax (Earnings And Pensions) Act 2003 s222 could arise.

selon les règles

French: according to their rules.

semble	It appears. The term is used in law reports to indicate what appears to be a legal argument, though there is still some doubt. The word is Old French.
semi-fixed cost	Another term for semi-variable cost .
semi-trailer	Trailer without a front axle.
semi-variable cost	Cost which has elements of both fixed cost and variable cost .
semper	Latin: always.
semper in dubiis benigni ora praeferenda	Latin: in doubtful matters the more liberal construction should be preferred.
semper praesumitur pro negante	Latin: the presumption is always in favour of the negative.
SEN	Special educational needs.
Sen	Senator.
sen	(1) One hundredth of a riel, currency of Cambodia. (2) One hundredth of a rupiah, currency of Indonesia. (3) One hundredth of a yen, currency of Japan. (4) One hundredth of a ringgit, currency of Malaysia (5) Abbreviation: senior.
SENA	Special educational needs allowance, in armed forces.
SEND	Special education needs and disability.
send	<i>Postal services</i> In relation to postal services, "Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been delivered at the time at which the letter would be delivered in the ordinary course of post"

(Interpretation Act 1978 s7).

Computing

When a message, data or similar is transmitted to another person by email or similar.

sender

In relation to electronic filing, "means —

(a) in relation to a statement to which regulation 2 applies, the company making the qualifying distribution, or person acting on its behalf;

(b) in relation to a statement to which regulation 3 applies, the person under the duty to furnish the certificate, or another person acting on his behalf; and

(c) in relation to statement, notice, certificate or voucher to which regulation 4 applies, the person required or authorised, under the relevant provision mentioned in paragraph (2) of that regulation, to deliver that statement, notice, certificate or voucher, or another person acting on his behalf"

((Income and Corporation Taxes (Electronic Certificates of Deduction of Tax and Tax Credit) Regulations SI 2003 No 3143 reg 1(3)).

sene

One hundredth of a tala, currency of Samoa.

Senedd

Welsh term for the National Assembly of Wales.

Senegal

African country. Its currency is the CFA franc of 100 centimes. The UK has agreed a double taxation convention in 2015 which is not yet in force.

senior

(1) American term for a retired person.

(2) Description of a sum which is payable before others.

senior accounting officer (SAO)

"Director or officer of a company who, in the company's reasonable opinion, has overall responsibility for the company's financial arrangements" (Inspector's Manual at SAOG 24000).

The duty to designate an SAO is only required for a company with an annual turnover above £200 million.

The duties are set out at SAOG 12000.

The statutory authority is Finance Act 2009 Sch 46.

senior capital	Capital which takes the form of secured loans to a company. It is repaid before junior capital, such as share capital, if the company is liquidated.
senior executive	Director or other person who holds a high position in an organisation.
senior holder of a share	Person who has the right to vote in respect of a jointly owned share (Companies Act 2006 s286(2)). The senior holder is the person whose name appears first on the share certificate.
senior manager	Person in an organisation who holds a managerial position below that of a director (or equivalent) but above junior managers.
senior partner	Partner who acts as the chief executive of a partnership.
Senior President of Tribunals	Person so appointed under Tribunals, Courts and Enforcement Act 2007 s2.
senior statutory auditor	The individual in an accounting firm who is so identified under either an EU standard or statutory guidelines (Companies Act 2006 s504(1)). The senior statutory auditor must sign the audit report for all audits conducted by his firm.
seniti	One hundredth of a pa'anga, currency of Tonga.
SEN obligations	Obligations imposed on schools by Education Act 1996 Part 4 Chapter 1 in relation to special educational needs .
Sensex	Indicator of relative prices of stocks and shares on the Mumbai Stock Exchange in Bombay, India.
sensitive case	Term used in HMRC Notice of 20 December 2013 about resolving tax disputes. Such a case should be referred to the Tax Disputes Resolution Board for guidance. The term is defined as a case "where a decision to resolve a dispute might have a significant and far-reaching impact on HMRC policy, strategy or operations. In consequence, they may also be likely to prompt significant national publicity".

sensitive interest	Personal interest which, if disclosed, could lead to the person being subject to violence or intimidation (Localism Act 2011 s32(1)).
sensitive personal data	<p>Data about a person which is regarded as too personal to be required automatically but which an individual may be prepared to divulge in certain circumstances.</p> <p>Such data include a person's racial origin, disability, sexual orientation, criminal record, religion and political view.</p>
sensitive risk	<p>Term used in HMRC Notice of 20 December 2013 about resolving tax disputes. Where the risk in a case is sensitive, the case should be referred to the Tax Disputes Resolution Board for guidance.</p> <p>The term means an individual risk "where a decision to resolve a dispute might have a significant and far-reaching impact on HMRC policy, strategy or operations. In consequence, they may also be likely to prompt significant national publicity".</p>
sensitivity	<p>Management accounting</p> <p>In management accounting, the ratio of consequence to cause. For example if a 2% increase in price leads to a 7% drop in income, the price-income sensitivity is 3.5. Anything above 1.0 is usually regarded as highly sensitive.</p> <p>Human resources</p> <p>The characteristic of some people to react strongly to negative stimuli. Although this cannot be measured with the same accuracy as in management accounting, the meaning of the word is the same. Small variations in sensitivity may be attributed to different personalities, but high sensitivity should be seen as a personality defect.</p>
sensitivity analysis	Analysis of the relationship between causes and effects. Such analysis usually considers small changes, such as a small variation in price or small variation in sales volume, and considers how this will impact on the business.
sente	One hundredth of a loti, currency of Lesotho.
sentence	"A punishment given by a judge in a court" (website of Crown Prosecution Service).

For military, "sentence includes any order made by a court when dealing with an offender in respect of an offence" (Armed Forces Act 2006 s304H).

sent for trial	"Means, in relation to England and Wales, sent by a magistrates' court to the Crown Court for trial pursuant to section 51 or 51A of the Crime and Disorder Act 1998" (Interpretation Act 1978 Sch 1).
sents	One hundredth of a kroon, currency of Estonia.
sentence	Punishment imposed by a court for breach of criminal law. Courts Act 1971 s57 states that the term includes hospital orders and recommendations for deportation.
Sentencing Advisory Panel	Panel established under Criminal Justice Act 2003 s169 to give advice on sentences under criminal law.
Sentencing Guidelines Council	Council established under Criminal Justice Act 2003 s167 to provide guidelines on sentences under criminal law.
sentiment	<p>In economics, belief as to what is happening or will happen.</p> <p>In general, markets tend to move on sentiment rather than on reality, partly because reality is not always fully known at the time. If investors feel optimistic, they will invest in accordance with that optimism which then becomes a self-fulfilling prophecy.</p>
SEO	<p>(1) Senior executive officer.</p> <p>(2) Search engine optimisation.</p>
seoo	<p>Sauf erreur ou omission.</p> <p>French equivalent to "error and omissions excluded".</p>
Seoul Declaration	<p>Agreement reached in September 2006 between various tax administrations, including the UK. This agreement came from the routine meeting of the OECD's Forum on Tax Administration which meets about once every 18 months.</p> <p>The declaration pledged the participants to work together on matters of common interest, particularly</p>

regarding **tax intermediaries**.

SEPA

Scottish Environmental Protection Agency.

Revenue Scotland may delegate functions to SEPA under Revenue Scotland and Tax Powers Act 2014 s4(1)(b).

separable net assets

Assets which can be separated from other fixed assets of a business and sold separately.

separate charity

The Charity Commissioners have the power to regard part of an institution as being a separate charity (Charities Act 2011 s12).

separate enterprise principle

Principle used in determining corporation tax payable by a non-resident company (Corporation Tax Act 2009 s21).

In relation to corporation tax in Northern Ireland, the principle is given in Corporation Tax Act 2010 s357NC.

In relation to non-resident insurance companies, "means the principle in subsection (2) of section 11AA of the Income and Corporation Taxes Act 1988 (read with subsection (3) of that section)" (Non-Resident Insurance Companies Regulations SI 2003 No 2715 reg 4(2)).

separate financial statements

"Those presented by a parent in which the investments in subsidiaries, associates or jointly controlled entities are accounted for either at cost or fair value rather than on the basis of the reported results and net assets of the investees. Separate financial statements are included within the meaning of individual financial statements" (FRS 102 glossary).

separate maintenance

Maintenance paid by a former partner to the other, on condition that they live apart.

separate use

Words used in Value Added Tax Act 1994 Sch 8 Group 6 Item 2 Note (c) in relation to the zero-rating for approved alterations to a protected building.

The meaning of these words were considered by the Upper Tax Tribunal in the case *HMRC v Lunn [2009] UKUT 244* in relation to a building within the cartilage of a protected building. Separate use meant "separate from" other use.

separate valuation concept	Accounting principle that assets and liabilities must be separately disclosed and not netted off.
separation of legal title	<p>When the financial recognition does not follow the legal recognition. This follows from the accounting concept of substance over form.</p> <p>Common examples include fixed assets acquired under a finance lease, and goods bought or sold with reservation of title. The issue is discussed in FRS 5 para 48.</p>
separation	<p>In marriage, living apart.</p> <p>A deed of separation may be made. This typically includes clauses relating to financial arrangements, and may include provisions about non-molestation.</p> <p>A decree for separation may be granted by a court under Matrimonial Causes Act 1973 s17.</p> <p>An order for separation may be made by a court under Matrimonial Proceedings (Magistrates' Court) Act 1960 s2.</p> <p>A couple that is separated is still legally married, though they are generally regarded as not married for most tax purposes.</p>
separation order	The equivalent of divorce in a civil partnership (Civil Partnership Act 2004 s179).
Sept	September.
septennium	Period of seven years.
septillion	1,000 raised to the 24 th power. This is one followed by 72 zeroes.
sequence	<p>In mathematics, a series of numbers that follow a rule.</p> <p>An arithmetic sequence is one where each number is increased by the same amount as in 10, 13, 16, 19, 22 etc.</p> <p>A geometric sequence is where each number is multiplied by the same factor as in 3, 6, 12, 24, 48, 96 etc.</p> <p>There are other sequences, such as Fibonacci numbers.</p>

sequester	Seize a bank account or other assets under a sequestration (either meaning).
sequestration	(1) Process of seizing the bank account or similar assets of a body under a court order (2) In Scotland, a procedure similar to bankruptcy.
sequestration for rent	In Scotland, insolvency procedure started by a landlord.
sequin	Old Italian gold coin. The term now usually means a sparkle sewn on to a garment.
SER	(1) Special Export Refund. (2) Small employer's relief.
Serbia	East European country. Its currency is the Serbian dinar of 100 paras. The UK's double taxation convention with Yugoslavia of 1981 continues to apply.
serial access memory	Old form of computer memory that could be accessed only in a predetermined order, such as on magnetic tape.
serial entrepreneur	Person who keeps starting new businesses.
serial number	Unique code assigned to each unit of production. This allows a full investigate trail from manufacturer to end use.
series	Run of consecutive numbers, such as for invoices.
serif	Little mark on the edges of some letters, as explained at sans serif.
Serious Fraud Office (SFO)	Government department which investigates serious fraud in UK.
serious ill-health lump sum charge	"A charge to income tax, to be known as the serious ill-health lump sum charge, arises when a serious ill-health lump sum is paid by a registered pension scheme to a member who has reached the age of 75" (Finance Act 2004 s205A(1)). The charge was introduced from 6 April 2011.

The rate of tax is 45% (Finance Act 2004 s205A(4)).

serious loss of capital

When the net assets of a company are worth half or less the value of its called-up share capital.

A public company in such a situation must call a general meeting under Companies Act 2006 s656.

Serious Organised Crime Agency (SOCA)

Body corporate established under Serious Organised Crime and Police Act 2005 s1. It was replaced by the **National Crime Agency** from 7 October 2013.

SERPS

State Earnings Related Pension Scheme.

This was a form of **additional pension** which operated from 1978 to 2002 when it was replaced by the similar **state second pension**.

sertum

For VAT, **gold investment coin** issued by Bhutan and listed in VAT notice 701/12A.

SERV

Handbook Guide for service companies, produced by the Financial Services Authority.

servant

Person who works for another, such as an employee or apprentice.

servants

It is still a criminal offence for a master or mistress not to provide food, clothing or lodging for an apprentice or servant when required to do so (Offences Against the Person Act 1861 s26). A similar offence appears in Conspiracy and Protection of Property Act 1875 s6.

serve

Postal services

In relation to postal services, "Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been delivered at the time at which the letter would be delivered in the ordinary course of post" (Interpretation Act 1978 s7).

server	Computer or software package that provides a specific kind of service to client software running on other computers. An ISP's servers allow users to connect to the Internet.
server farm	Series of powerful computers linked together to provide greater power.
service	<p>(1) Intangible supply, such as sweeping a drive, repairing equipment or producing accounts.</p> <p>(2) Process by which documents are considered to have been legally passed to a person.</p> <p>(3) Quality of treatment a customer receives from a shop or other provider of goods or services.</p> <p>(4) Length of time an employee has worked for the employer.</p>
service address	<p>Address which a director of a company must give for himself in the register of directors. It is defined as "an address at which documents may be effectively served on that person" (Companies Act 2006 s1141(1)).</p> <p>The address is either his residential address or the company's registered office (Companies Act 2006 s163(5)).</p> <p>The company must know the residential addresses of all its directors and notify these to Companies House. However, a director may request that his residential addresses is not made public (Companies Act 2006 s1088). This provision was introduced when directors of certain animal research companies were targeted by animal rights terrorists.</p> <p>Certain statutory bodies, such as the police, have the right to know the director's residential address.</p>
service bureau	Organisation whose function is to help other organisations.
service by post	"Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been delivered

at the time at which the letter would be delivered in the ordinary course of post" (Interpretation Act 1978 s7).

service charge

(1) Amount added to a bill to reflect services provided, such as a charge imposed on a bank account or added to the bill in a restaurant.

For VAT, this is regarded as part of the standard-rated supply of catering (VAT notice 700).

(2) Amount paid by tenants for the maintenance of common parts of the building, such as cleaning, maintenance and repairs.

Service Civilian Court

Court other than a court martial which try military offences (Armed Forces Act 2006 s51). It comprises a single judge from outside the military.

service company

For pensions, a company which is formed solely or principally to provide pension services to other companies in the group (Pensions Act 2004 s44).

service comptabilité

French: accounts department

service concession arrangement

"An arrangement whereby a public sector body or a public benefit entity (the grantor) contracts with a private sector entity (the operator) to construct (or upgrade), operate and maintain infrastructure assets for a specified period of time (the concession period)" (FRS 102 glossary).

service contract

Contract between a company and a person who personally undertakes to provide services to that company.

There are special provisions for **directors' service contracts**.

service cost centre

In management accounting, a **cost centre** that provides facilities to other cost centres within the organisation.

service detention

Punishment of holding a military person in custody for an offence.

service industry	Industry which does not provide tangible goods but offers services for sale.
service offence	Offence committed by military personnel which may be tried by court martial (Armed Forces Act 2006 s50(2)).
service person	<p>“Means a person who is a member of the armed forces of the Crown or a civilian subject to service discipline (within the meaning of the Armed Forces Act 2006)” (Inheritance Tax Act 1984 s155A as inserted by Finance Act 2015 s75).</p> <p>For deaths from 19 March 2014, if such a person dies as a result of being targeted because of their service status, their estate is free of inheritance tax.</p>
service police	Royal Navy Police, Royal Military Police or the Royal Air Force Police (Armed Forces Act 2006 s375).
service policy	Statement which a broadcaster must draw up under Communications Act 2003 s268 to show how it is meeting its public service remit .
service potential	In accounting, “the economic utility of an asset, based on the total benefit expected to be derived from use (and/or through sale) of the asset” (FRS 102 glossary).
service restraining order	Order which may be imposed on military personnel after a hearing of an offence (Armed Forces Act 2006 s229).
services	<p>(1) Intangible supplies offered for sale.</p> <p>For VAT, a distinction is made between goods and services. VAT notice 700 provides further guidance with examples.</p> <p>(2) Help and other forms of assistance provided to businesses.</p> <p>(3) Utilities, such as electricity and water, provided to premises.</p> <p>(4) The armed services.</p>
Services Directive	European Directive 2009/2999 effective from 28 December 2009. It sets out the information which service providers (including tax advisers) must provide to clients and prospective clients. In practice, most tax advisers will meet the requirement of the Directive in the engagement letter, but the Directive allows for other means of

communication.

The main information that must be provided is:

- name of firm
- status of firm (sole practitioner, partnership, company etc)
- contact details
- VAT number
- general terms and conditions
- details of after-service guarantee
- main features of the service to be provided
- the price
- details of professional liability held
- details of dispute resolution procedure.

The Directive also requires the service provider to deal with complaints from clients as quickly as possible and work towards a satisfactory resolution.

If a single price is not given, the provider must give details of how the price is to be calculated.

If the provider is a member of a regulated profession (and tax advice is not regulated), details of the regulatory body.

services for meeting care and support needs

“Means —

(a) services for meeting adults’ needs for care and support, and

(b) services for meeting carers’ needs for support”
(Care Act 2014 s5(7)).

service user number (SUN)

Reference number used by customers of banks who are authorised to collect payment by **direct debit**.

SES

Standard Exchange System - is a variant of Outward Processing Relief (OPR), which allows duty relief to be granted on goods imported as replacements for faulty goods which have been exported from the Community for repair. Traders may import replacements before the faulty goods are exported, if they are authorised to use SES with prior importation.

SET

Selective employment tax.

set	Collection of items which are designed to be sold or used together.
set against	Process of offsetting one amount against another.
set of bills	Bills of Exchange Act 1882 s71 gives provisions when bills are issued in a set.
set off	<p>Process of using a debt owed by A to B to reduce a debt owed by B to A, or a similar arrangement.</p> <p>HMRC may use this provision in England, Wales or Northern Ireland (but not Scotland) to recover tax under Finance Act 2008 s130. It cannot be used if insolvency proceedings have been started.</p>
set rate	<p>An amount laid down by law, particularly for such payments as statutory maternity pay (SMP) or statutory sick pay.</p> <p>A woman receives SMP at the set rate except for the first six weeks, when she receives 90% of average earnings provided this is greater than the set rate.</p>
SETS	<p>Stock Exchange Electronic Trading Service.</p> <p>It is the main trading system for the London Stock Exchange.</p> <p>Less liquid securities are traded on SETSqx.</p>
SETSqx	<p>Stock Exchange Electronic Trading Service — quotes and crosses.</p> <p>Trading platform introduced by London Stock Exchange from 8 October 2007 for securities that are not sufficiently liquid to be traded on SETS.</p>
setting	For capital allowances, a distinction is made between plant and its setting. The latter does not attract a capital allowance unless the setting itself comes within the definition.
settle	<p>(1) Place a property in a trust. The property is placed by a settlor where trustees deal with it for the benefit of beneficiaries.</p> <p>(2) Pay a debt or otherwise conclude a matter.</p>

- settled account** An **account** where both the **accountable party** and the person to whom he is accountable have agreed terms which they both accept as correct.
A settled account must be in writing and signed by both parties. Settled account is a good defence against to an action for account unless it can be shown that there was error or fraud.
- settled estate** **Estate** that is put into a trust.
- settled land** Land that is limited by way of succession (Settled Land Act 1925).
An example is where land is left to A for the rest of his life, and then to B.
- settled property** Assets put into a trust.
For capital gains tax, the definition is "any property held in trust, other than trust to which section 60 applies" (Taxation of Capital Gains Act 1992 s68). Section 60 deals with nominees and bare trusts.
For income tax, an equivalent definition is given in Income Tax Act 2007 s466.
For inheritance tax, provisions are set out in Inheritance Tax Act 1984 from s43.
- settlement** (1) Financial arrangement where one party, the **settlor**, provides money or other assets for use by a beneficiary (which may include the settlor).
All **trusts** are settlements, but "settlement" is wider and also includes such arrangements as a joint bank account.
There is no definition for tax purposes, except one for the limited purpose of tax avoidance. This defines a settlement as "any disposition, trust, covenant, agreement, arrangement or transfer of assets" (Income Tax (Trading And Other Income) Act 2005s620(1)).
For inheritance tax, a full definition is given in Inheritance Tax Act 1984 s43(2).
(2) Payment of an account, or otherwise clearing the balance.
(3) The form of an agreement once negotiations have successfully been agreed.

settlement business assets	For entrepreneurs' relief, "means — (a) assets consisting of (or of interests in) shares in or securities of a company, or (b) assets (or interests in assets) used or previously used for the purposes of a business, which are part of the settled property (Taxation of Capital Gains Act 1992 s169J(2)).
settlement costs	The cost arising when a lump-sum payment is made to a pension scheme member in exchange for their rights to receive certain pension benefits.
settlement date	Date on which payment must be made, particularly for securities.
settlement day	(1) Day on which a purchaser of a security must pay for it. For the accrued income scheme , a definition is given in Income Tax Act 2007 s674. (2) In the USA, the day on which securities become the property of the purchaser.
settlement power	For inheritance tax, "means any power over, or exercisable (whether directly or indirectly) in relation to settled property or a settlement" (Inheritance Tax Act 1984 s47A).
settlement terms	The period which a seller allows a buyer to pay for the goods or services supplied. This is usually expressed as a time, such as 30 days or 60 days. There are other possible settlement terms such as net monthly account .
settlor	Person who provides property in a trust and thereby creates the trust . For capital gains tax, the term means "the person, or any of the persons, who has made, or is treated for the purposes of this Act as having made, the settlement" (Taxation of Capital Gains Act 1992 s68A(1)). The section goes on to define settled property. For income tax, an equivalent definition is given in Income Tax Act 2007 s467. For inheritance tax, the term "includes any person

by whom the settlement was made directly or indirectly, and in particular (but without prejudice to the generality of the preceding words) includes any person who has provided funds directly or indirectly for the purpose of or in connection with the settlement or has made with any other person a reciprocal arrangement for that person to make the settlement" (Inheritance Tax Act 1984 s44(1)).

settlor-interested

Description of a trust where the **settlor** retains a benefit. In such cases, the trust income is usually taxed as being the settlor's.

For capital gains tax, the trust is taxed from 2008/09. This can create a problem in that the settlor cannot offset his own capital gains against trust losses, and vice versa.

settlor-interested settlement

For capital gains tax on a disposal of an interest in settled property, "means a settlement in which a person who is a settlor in relation to the settlement has an interest or had an interest at any time in the relevant period" (Taxation of Capital Gains Act 1992 Sch 4A para 7(4)).

settlor's threshold amount

The exception that applies to the first slice of a trust's taxable income, as set out in Income Tax Act 2007 ss491-492.

The amount is £1,000 for a single trust created by one settlor, or this figure divided by the number of trusts created by one settler (so each of four trusts has an amount of £250, for example), except that the figure is never less than £200.

seven-day money

Investment or deposit which matures or may be accessed in seven days.

seventh directive

Term commonly refers to the EC seventh directive on company law issued in 1983 relating to **consolidated accounts**. It was given effect in UK by Companies Act 1989.

severally

Description of a liability which applies individually. The term "jointly and severally" is often used in a financial transaction where there is more than one person on one side of the transaction. The expression means that the other party may claim from the people collectively or any

one of the people that he chooses.

severance pay American term for **termination payment**.

severe disablement allowance

Social security benefit that was abolished for new claimants from 6 April 2001, but is still paid to existing claimants under Social Security Contributions and Benefits Act 1992 s68. New claimants will instead be considered for **employment support allowance**.

The benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).

severe disfigurement This can amount to a disability (Disability Discrimination Act 1995 Sch 1 para 3).

severe impairment of intelligence

This can be a factor in determining eligibility for social security benefits, such as **disability living allowance**. The criterion is generally accepted as an IQ of 55 or less.

severely sight impaired Description of a person with such limited vision that they are registered as blind. They may claim blind person's allowance against income tax and qualify for disability provisions.

severe mental impairment Old term referring to a person of reduced mental capacity. This term is dropped under Mental Health Act 2007 s1(3)(a).

severe reprimand Formal rebuke, particularly when given by a professional body for misconduct by a member. In this context, it is more severe than a reprimand or admonition.

Sewel convention Political convention that the UK government "will not normally legislate with regard to devolved matters without the consent of the Scottish Parliament" (Scotland Act 1998 s28(8) as added by Scotland Act 2016 s2).

sewerage

Definition

Service of disposing of foul water.

Value added tax

Generally this supply is zero-rated for VAT for domestic

premises under Value Added Tax Act 1994 Sch 8 Group 2, but standard-rated from 1 July 1990 for business premises. Further details are given in VAT notice 701/16.

Capital allowance

Part of a building (Capital Allowances Act 2001 s21(3) List A).

sewerage licence

Licence issued under Water Industry Act 1991 s17BA as inserted by Water Act 2014 s4(1).

sex

(1) Whether a person etc is male or female.
(2) Colloquialism for the act of sexual intercourse.

sex discrimination

Treating a person less favourably because of their sex, marital status or pregnancy.

This is generally outlawed under Sex Discrimination Act 1975. Note that this does not apply to pay which is governed by Equal Pay Act 1970. This only allows a woman to claim equality with a man, it does not allow a man to claim equal pay to a woman, though such a claim has now succeeded under the 1975 Act.

sex industry

There are restrictions on the use this industry can make of Jobcentres and other government-sponsored employment assistance under Employment and Training Act 1973 s2A as inserted by Welfare Reform Act 2012 s144.

sexual orientation

Whether a person (male or female) is heterosexual or homosexual.

Seychelles rupee

Currency of the Seychelles.

SF

Sinn Féin, Irish political party.

SFA

(1) Securities and Futures Authority.

(2) Skills Funding Agency.

[Neither body seems to have realised or cared that these letters also stand for Sweet Fanny Adams or Sweet F*** All, both of which mean no money when some was expected.]

SFAS	Statement of Financial Accounting Standards.
SFD	Simplified Frontier Declaration.
SFO	Serious Fraud Office.
SFP	Sulphur-free petrol.
SFr	Abbreviation: Swiss franc.
SFT	Securities financing transaction.
SG	(1) Solicitor General. (2) In relation to residence nil rate band for inheritance tax, a special guardian of a child, as defined in Inheritance Tax Act 1984 s8K(7) as inserted by Finance (No 2) Act 2015 s9.
SGAAP	Scottish General Anti-Avoidance Rule.
SGD	ISO code for Singaporean dollar.
Sgt	Sergeant.
S/H	(1) Shorthand. (2) Second-hand.
shadow ACT	Unrelieved advance corporation tax (ACT) from 6 April 1999. <p>ACT was a prepayment of corporation tax. It was charged every time that a company paid a dividend. The company could deduct ACT paid from its main payment of corporation tax to a limit. Unrelieved ACT was carried forward.</p> <p>Although ACT was abolished from 6 April 1999, unrelieved ACT may continue to be offset against payments of corporation tax under rules similar to those that previously applied.</p>
shadow bank	Term coined for companies that borrow money just to lend to others. They were popular in the USA around 2004, and contributed to the economic crisis that soon followed.

- shadow banking system** Collective term for financial institutions that are not banks but help provide funding for businesses. They can include unit trusts and other forms of collective investment, insurance companies, investment banks, pension funds and trusts. The system grew significantly from 2000.
As these institutions are not banks, they are not subject to the same financial regulation as banks. This was regarded as one of the factors which led to the financial crisis of 2007-2009.
- shadow cabinet** Group of politicians from the opposition party comprising its leading spokesmen, copying the Cabinet of the ruling party.
The formal name is the Official Loyal Opposition Shadow Cabinet.
- Shadow Chancellor** Term traditionally used for the member of the Shadow Cabinet who shadows Chancellor of the Exchequer. The person is appointed by the Leader of the Opposition. The position has no constitutional role and was not always used before 1980.
- shadow director** Person who acts as a director of a company even though he does not officially hold that position. Such a person usually has all the duties and liabilities of a director.
The statutory definition is "a person in accordance with whose directions or instructions the directors of the company are accustomed to act" (Companies Act 2006 s251(1)).
Someone is not a shadow director just because he provides advice in a professional capacity (ibid s251(2)).
There are further legal provisions in Small Business, Enterprise and Employment Act 2015 s89, for which purpose a definition is given in s90.
- shadow running** Operation of a system using dummy data as a means of testing the system.
The UK Border Agency was shadow run with Customs for a year from 1 April 2008.
- shaft** Part of a building (Capital Allowances Act 2001 s21(3) List A).

- shale gas** Naturally occurring gas found in large amounts in shale formations (including in the UK), and which can be a significant source of fuel in the 21st century.
It is expensive to extract. To encourage the extraction, with retrospective effect to 5 December 2013, a new onshore allowance is introduced to exempt 75% of the capital expenditure from the corporation tax supplementary charge on ring-fence profits.
- Shale Wealth Fund** Fund announced in Autumn Statement 2015. It receives 10% of tax revenues from shale gas to apply to local areas.
- sham** Description of something that is not genuine, particularly where an act appears to create legal rights other than those that are created.
- sham civil partnership** Civil partnership that is arranged solely or primarily to enable one partner to reside in the UK. The term is defined in Immigration Act 2014 s55.
- sham marriage** Marriage that is arranged solely or primarily to enable one partner to reside in the UK. The term is defined in Immigration Act 2014 s55.
- sham transaction** Transaction which is not genuine.
“It is of the essence of this type of sham transaction that the parties to a transaction intend to create one set of rights and obligations but do acts or enter into documents which they intend should give third parties, in this case the Revenue, or the court, the appearance of creating different rights and obligations” (Arden LJ in *Hitch's Executors v Stone [2001] STC 214. CA*).
For VAT purposes, input tax may not be claimed for a sham transaction. It is not necessary for HMRC to show that there is any fraud. It is sufficient that HMRC provides sufficient evidence to demonstrate that the transaction is not genuine. Examples include *Plasma Trading Ltd v HMRC [2006]* and *Senegy (UK) Ltd [2006]*.
- shandy** Mixture of beer and lemonade (or other non-alcoholic sparkling drink).
If the shandy's alcoholic strength is more than 1.2%, it is treated as an alcoholic drink and is subject to **beer**

duty.

share	<p>Part of something. The term is particularly used to mean a part of the ownership of a company.</p> <p>In company law, a share “means a share in the company’s share capital” (Companies Act 2006 s540(1)).</p> <p>For derivatives, a definition of “shares” is given in Corporation Tax Act 2009 s710.</p>
share account	<p>Account at a mutual building society where the depositor part-owns the society.</p>
share acquisition agreement	<p>Agreement between parties relating to the future acquisition of shares in a company. The relevant law is Companies Act 2006 ss824-828.</p>
share allotment form	<p>Another name for an allotment letter.</p>
share at par	<p>Share whose current value is the same as its nominal value.</p>
share attachment	<p>Tendency of private investors to retain shares for sentimental reasons when they should be sold.</p>
share award	<p>“An award of a number of shares of which the employee will become the owner at a future date, usually if certain conditions are met” (glossary in Inspector’s Manual at BIM 44001).</p>
share-based payment	<p>In current UK accounting standard, “a transaction in which the entity —</p> <ul style="list-style-type: none">(a) receives goods or services (including employee services) as consideration for its own equity instruments (including shares or share options); or(b) receives goods or services but has no obligation to settle the transaction with the supplier; or(c) acquires goods or services by incurring liabilities to the supplier of those goods or services for amounts that are based on the price (or value) of the entity’s shares or other equity instruments of the entity or another group entity” (FRS 102 glossary).<p>The current International Accounting Standard defines it as “a transaction in which the entity receives goods or services either as consideration for its equity</p>

instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity" (IFRS 2).

share capital

Name given to the total amount of cash which the shareholders have contributed to the company.

share certificate

A document providing evidence of share ownership. Under Companies Act 2006 s768(1), a certificate is "prima facie evidence" of ownership.

share costs

Costs in relation to a company's share dealing and records.

In general, costs of maintaining share registers and communicating with shareholders are allowable as tax deductions. Costs in relation to share issues are not. The matter is discussed in the Inspectors' Manual at BIM42510.

share coupon

Detachable portion of a **share warrant** by which the bearer may claim a dividend. The law is contained in Companies Act 2006 ss779-781.

sharecropper

Arrangement whereby someone farms land in return for giving up a share of the crop. The term was particularly used in the USA at the end of the civil war.

shared car

Company car that is used by two or more employees. The tax implications are set out in Income Tax (Earnings And Pensions) Act 2003 s148.

share dividend

Dividend paid according to the number of shares held.

share disposal

Process by which a person no longer possesses shares. The three main methods are:

- **transfer:** the shares are sold or given by the owner to another party;
- **transmission:** the shares change ownership on the death of the shareholder;
- **forfeiture:** the shares are cancelled, such as for non-payment of a call.

shared ownership

Term used by international property companies for a form of **timeshare**.

The main differences are that the number of participants is usually fewer (typically about five) and they collectively own the property and thus benefit from any capital gain.

shared lives

Scheme whereby individuals may look after adults, usually by taking the adult into the individual's home, similar to **fostering** of children. It was previously known as adult placement.

From April 2010, the tax regime for foster carers is extended to shared lives carers (SL carers).

share exchange

Where shares in one company are exchanged for shares in another.

If either company is a **transparent entity**, the provisions of Taxation of Capital Gains Act 1992 s140H apply.

The matter was also considered as a matter of tax avoidance in *Ansz v CIR. Ch D [1977] 53 TC 601*.

ShareGift

Charity that allows for the equitable disposal of small shareholdings.

Suppose that a holding of £1,000 is now worth just £10. The holding is impossible to sell as the sum realisable is less than the dealing cost. Continuing to hold the shares creates the inconvenience for both the company and shareholder of receiving regular dividends of a few pence, where the bank charges may be greater than the dividend.

Under ShareGift, registrars waive their usual fee, so that the £10 holding is wholly assigned to the charity. It is aggregated with other small holdings in the same company to provide a significant income for charity. This arrangement provides an equitable solution for cleaning up portfolios to everyone's advantage.

A donation to ShareGift constitutes a **disposal** for the purposes of capital gains tax.

shareholder

Person who owns one or more shares in a company.

shareholder value

Total return to shareholders collectively.

shareholder valuer analysis (SVA)

Calculation of the value of a company according to the

return it provides to shareholders.

shareholders

Owners of a **limited liability company**.

shareholders' equity

Another name for **shareholders' funds**.

shareholders' funds

Name given to total of **share capital** and **reserves** in a company balance sheet.

shareholders' funds

"The aggregate of called up **share capital** and all reserves, excluding minority interests" (FRS 4 para 15).

shareholding

The shares which a shareholder holds in a particular company.

share incentive plan (SIP)

Tax-advantaged arrangement for employees to hold shares in their employer, introduced on 28 July 2000. They were previously known as all employee share option plans (AESOPs) or employee share plans (ESOPs) or employee share option trusts (ESOTs).

Details of tax implications for employees are given in Income Tax (Earnings And Pensions) Act 2003 from s488.

Details of tax implications for employers are given in Corporation Tax Act 2009 from s983.

The position for trustees is given in Income Tax Act 2007 s488.

Capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s236A and Sch 7A.

share loss relief

Tax relief for certain loss suffered on qualifying shares, such as acquired in Enterprise Investment Scheme, which may be offset against earnings subject to income tax (Income Tax Act 2007 s131) or corporation tax (Corporation Tax Act 2010 s68).

Capital gains tax implications are set out in Taxation of Capital Gains Act 1992 s125A.

share loss schemes

Tax avoidance schemes that seek to produce capital losses to offset against taxable income. The purchase pays a small amount of the share value, with the balance funded by loans. The schemes do not work and attempting to use one could be a criminal offence.

Further details are given in HMRC Spotlight 15.

share matching rules

Capital gains tax rules for determining the acquisition cost of shares or securities where the taxpayer has made more than one acquisition.

Broadly, a disposal of shares is ranked in this order:

- shares acquired on the same day,
- shares acquired in the previous 30 days,
- other shares.

share number

Number allocated to a share certificate or shareholding. It is a general requirement that shareholdings are so numbered (Companies Act 2006 s543).

share option

Right to buy or sell shares at a future date for a fixed price.

“A contract that gives the holder the right, but not the obligation, to subscribe to the entity’s shares at a fixed or determinable price for a specific period of time” (FRS 102 glossary).

There are two types of share option. The **traditional option** is simply buying the right. A **traded option** is a right which is itself a saleable security.

Share options are sometimes provided free to directors and senior managers as an incentive.

A share option is a highly-g geared form of investment. Suppose a person pays 20p for an option to buy a share for £2 in a year’s time. If the share is then worth £1.99, the option is worth zero as it is cheaper to buy the shares on the open market. If the share is then worth £2.40, the investor makes an immediate profit of 40p per share, which is a return of 200%.

National insurance provision is given in Social Security Contributions (Share Options) Act 2001.

share pooling

For capital gains tax, the rules that determine the **acquisition cost** for shares and other securities acquired at different times.

The rules are given in Taxation of Capital Gains Act 1992 from s104.

share premium

Amount paid by a shareholder to buy a share above its **nominal value**.

share premium account	Amount by which a company issues shares at a premium. There are various provisions in company law from Companies Act 2006 s610 onwards that relate to such accounts and restrict their use. These restrictions have applied since 1948.
share quoted ex dividend	Share whose price does not include the right to the next dividend.
shares	In relation to corporation tax relief for employee share acquisitions, the term "includes — (a) an interest in shares, and (b) stock or an interest in stock" (Corporation Tax Act 2009 s1003(1)).
shares accounted for as liabilities	Corporation tax provisions are set out in Corporation Tax Act 2009 from s521A.
share split	When one share is divided into several shares of smaller value to make trading in them easier.
shares requirement	Conditions which must be met by the shares to obtain tax relief for their acquisition under a scheme, particularly the requirements for EIS relief under Income Tax Act 2007 s173.
shares with limited rights	Certain corporation tax implications on distributions are discussed in Corporation Tax Act 2010 s170.
shares with temporary rights	Certain corporation tax implications on distributions are discussed in Corporation Tax Act 2010 s171.
share value	Value of a share of a company. Most shares have a nominal value . This is the amount for which they were originally sold.....
shareware	Computer software which may be used free of charge for a trial period, after which a registration fee must be paid to be allowed to continue using it.
share warrant	Rare form of share certificate where ownership is vested in whoever possesses the document. The relevant law is Companies Act 2006 s779. Payment may be made by

presenting a **share coupon** attached to the warrant.

Sharia

Code of conduct and law for Muslims.

In finance, Sharia excludes payment of interest which has led to the development of **Islamic finance**.

sharing of transmission facilities

For such arrangements made by broadcasters, there are special provisions in Taxation of Capital Gains Act 1992 s267.

shark

Colloquialism for someone who engages in aggressive practice that is either illegal or on the borders of the law.

Sharkey v Wernher

Leading tax case from the House of Lords in 1955 which held that where goods are removed from a trade for the taxpayer's personal use, the value of the goods must be their retail price and not the cost price at which the goods will usually be recorded in the accounts. This usually means that a profit margin must be added to the value for tax purposes.

The original case concerned a stud farm where five horses were removed to racing stables. Their value considerably exceeded the cost of breeding them. The matter is discussed in the Inspectors' Manual at BIM33630.

This rule is now contained in Income Tax (Trading And Other Income) Act 2005ss172A-172F, and, for companies, in Corporation Tax Act 2009 from s156.

shark hunter

Term coined by the Department of Trade and Industry in 2005 to describe officers who seek to catch **loan sharks**.

Sharman Report

Report published in 2012 by Lord Sharman for the Financial Reporting Council into going concern and liquidity risks for companies and auditors.

sharp practice

Underhand and dishonourable dealing, that may be legal.

shearing

Term used in inheritance tax when a person makes a disposition of less than the whole property, such as when a right over land is granted but the ownership is retained. The principle was established in the **Munro** case.

Shed identity	A 3-letter code that provides a unique identity for a transit shed located at a Cargo Community System (CCS-UK) airport.
Sheffield City Centre Urban Regeneration Company Ltd	Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).
Sheffield plate	Material made from silver-plated copper. The method of fusing silver to copper was discovered by Thomas Boulsover, a Sheffield cutler, in 1742.
shekel	Currency of Israel. The term is also colloquially used for money of any currency. The shekel was originally part of the ancient Babylonian weights and monetary system, adopted by the Hebrews and residents of Syria and Mesopotamia.
shelf life	How long a product may safely or legally be offered for sale.
shelf registration	American term for a registration of a company with the Securities Exchange Commission before shares in the company are offered to the public. A shelf registration is valid for two years.
shelfware	Business jargon for computer software that is bought but not used.
shellfish	For VAT, shellfish are only zero-rated if for food. VAT notice 701/15 defines this as "oysters, mussels, whelks etc". "Shellfish includes crustaceans and molluscs of any kind" (Diseases of Fish Act 1937 s10).
shell out	Colloquialism meaning to pay. The term comes from shelling peas.
shelter	Protected place. This may be a physical place, or a financial arrangement which protects funds, such as

placing them overseas.

In tax, the term can mean an arrangement that provides protection from high rates of taxation.

sheltered accommodation

Living accommodation where assistance is available on site, such as from a warden.

There is an exemption from the **national minimum wage** where work and sheltered accommodation are provided as part of a programme to assist people back into normal life. The conditions for this exemption are:

- the worker is at least 26 years old;
- the shelter is provided as part of the rehabilitation programme;
- the worker is provided with training as part of the programme.

sheriff

Court officer who oversees bailiffs.

sherry

Alcoholic drink made from blending wine with spirits. It is an exception to some of the rules regarding the blending of liquors (Alcoholic Liquor Duties Act 1979 s71(2)).

shilling

One twentieth of a pound, now worth 5p.

Before **decimal currency** was introduced in 1971, a shilling was a unit of currency divided into 12 (old) pence. The coin dates from 1504.

shin plaster

Slang for tokens issued by rural stores instead of small change.

The name comes from the alleged practice of writing them on brittle paper that turned to dust in the buyer's pocket.

ship

For the purposes of establishing whether a taxpayer is a **seafarer**, a ship "does not include an offshore installation" (Income Tax (Earnings And Pensions) Act 2003 s40(5)(b) and s385).

For VAT, "ship includes hovercraft" (Value Added Tax 1994 s96(1)).

For VAT, supply is zero-rated under Value Added Tax Act 1994 Sch 8 if the ship weighs at least 15 tonnes, or is a lifeboat, houseboat or boat adapted for use by a disabled person. The weight is the **gross tonnage**.

Leasing of ships is an excluded activity for venture capital trust purposes under Income Tax Act 2007 s305.

Capital allowance provisions are given in Taxation of Capital Gains Act 1992 from s94.

A merchant shipping company may use **tonnage tax**.

The capital allowance provisions are given in Capital Allowances Act 2001 from s127.

There is a special provision for claiming excess allowances for ships leased overseas in Capital Allowances Act 2001 s113.

shipbuilding

This activity is excluded from eligibility for venture capital trust under Income Tax Act 2007 s307A.

This section defines shipbuilding as set out in EU Framework to State Aid on Shipbuilding 2003/C 317/06, where para 10 states: “‘shipbuilding’ means the building, in the Community, of self-propelled seagoing commercial vessels”.

SHIP code of practice

Code for businesses which offer various **equity release** schemes.

ship leasing

Activity which excludes a company from the scope of **EIS relief**. It is defined for this purpose in Income Tax Act 2007 s194.

ship money

Tax that Charles I tried to levy from 1634 without parliamentary consent.

shipping container

Another name for a **transport container**.

ship's husband

Agent on land who represents the interests of a ship's owner.

shire

Main unit of government in Anglo-Saxon England.

shirt of Nessus

Misfortune from which one cannot escape.
In mythology, the shirt of Nessus killed Hercules.

shop

Place where the public may enter to purchase goods.
In relation to Sunday work, “shop means any premises where there is carried on a trade or business

consisting wholly or mainly of the sale of goods”
(Employment Rights Act 1996 s43ZB(2)).

Shore, Peter

English Labour politician (1924-2001) who was Shadow Chancellor from 8 December 1980 to 31 October 1983.

shore power

Power supplied from the shore to a moored boat. HMRC takes the view that shore power is not sufficient in itself to establish that the boat is a main residence and exempt from CGT.

shortcake

For VAT, shortcake is a food and therefore zero-rated. In the case *North Cheshire Foods Ltd, VTD 2709*, the tribunal held that a small decoration in chocolate equal to about 1% of the biscuit's content was sufficient to make it “partly covered with chocolate” and therefore standard-rated.

short chargeable period

Period of less than one year for which the **annual investment allowance** may be restricted (Capital Allowances Act 2001 s51L).

short-dated gilts

Government security which is payable within five years. They are also known as **shorts**.

shortfall

Amount by which the actual is less than the budgeted.

short lease

Lease which lasts for a short period, typically up to three years.

In tax law, a term that applies to a **funding lease** where the term is either:

- less than five years; or
- between five and seven years *and* the lease

meets three further conditions (Capital Allowances Act 2001 s70 I).

These conditions are that:

- the lease is treated as a finance lease in the books of the lessor;
- the residual value of the finance lease is less than 5% of the market value of the plant at the start of the lease term: *and*
- total rentals in the first year are no lower than 90% of the rentals in the second year. and rentals in any year after the second year are no greater than 110%

of those in the second year.

The third of these conditions is to exclude leases where a large payment is made on the first day for tax avoidance purposes.

short life asset

For capital allowance purposes, an asset which is plant and machinery but which is not a **long life asset**. The statutory definition is in Capital Allowances Act 2001 s83.

Broadly this is an asset that the business chooses to put outside the main pool of plant and machinery, with the consequence that a balancing allowance can be claimed for the full written down value when disposed of.

The asset must have an expected life of no more than eight years from 1 April 2011, or four years previously.

short life asset pool

For capital allowances, the balance of the **short life assets**.

The figure is calculated as that for the previous year, adjusted by acquisitions, disposals and capital allowances for the year (Capital Allowances Act 2001 s86).

short life assets provided for leasing

Tax provisions are given in Capital Allowances Act 2001 s87.

short list

Reduce list, particularly of applicants for a position.

short order

Court order giving a person limited powers to deal with the affairs of a person who lacks mental incapacity.

short payment period

For PAYE, payment for a period that is shorter than the employee's normal pay period. This is because either it relates to the employee's final pay period, or because the pay day falls on 5 April (PAYE Regulations SI 2003 No 2682 reg 25(8)).

short period driving licence

Driving licence issued to a person with a medical condition which makes a normal indefinite licence inappropriate. The period is usually one, two or three years.

short position	Situation where an investor sells short, that is he sells he does not yet own in the hope that he will be able to buy them more cheaply later.
short-range forecast	Statement of what a person expects to happen in the immediate future, typically a few months.
short return	In tax, four-page tax return that may be used under the self-assessment system for straightforward cases. The form is issued at the discretion of HMRC. A taxpayer who is asked to complete a short return may complete the normal return, and should do so if his or her tax affairs cannot be adequately disclosed on the short return.
short rotation coppice	<p>Method of producing renewable fuel. It involves dense planting of willow or poplar which are cut back to ground level each year.</p> <p>From 29 November 1994, this is taxed as farming and not as commercial ownership of woodlands.</p>
shorts	<p>These are zero-rated for VAT if they qualify as clothing for young children. The matter is explained in VAT Notice 714. A case concerning elasticated sports shorts was <i>Falcon Sportswear Ltd [1985] VTD 2019</i>.</p> <p>The word is also used to mean short-dated gilts.</p>
shortseller	American term for uncovered bear .
short selling	<p>Selling a security which a person does not own in the expectation of being able to buy it later at a lower price. Such a person is known as a bear.</p> <p>The Financial Services Authority has powers to prohibit short selling under Financial Services and Markets Act 2000 s131B. The term is defined in s131C(2).</p>
short service benefit	Term used in relation to money purchase pension schemes. Details are given in Pension Schemes Act 1993 s71 as amended by Pensions Act 2014 s36.
short service refund lump sum	A lump sum benefit paid to a member of an occupational pension scheme because they have stopped accruing benefits under the scheme and have less than two years of pensionable service under the scheme, and which

meets the conditions of paragraph 5, Schedule 29 to the Finance Act 2004.

short-service refund lump sum

Refund of an employee's contributions to an **occupational pension scheme** when the employee leaves before becoming entitled to any pension benefits. This usually applies when an employee leaves within one year.

Such a lump sum is taxed at 20% on amounts up to £20,000 (£10,800 before 6 April 2010) and at 50% on the excess (40% before 6 April 2010) (Finance Act 2004 s205(4)).

This is regardless of the rates of income tax the employee otherwise pays.

short service refund lump sum charge

Tax charged on **short-service refund lump sum** in accordance with the provisions of Finance Act 2004 s205.

short shrift

Process of achieving something quickly with little work.

The term originally meant the short time before execution when a condemned man was allowed to make a final confession.

short skirt

The VAT and economic implications are explained under **mini-skirt**.

short-term

Description of anything which relates to a short period of time.

short-term advance

From April 2013, a payment to a social security claimant who is waiting for another benefit or tax credit. It replaces **alignment payments**.

short-term annuity

An annuity contract purchased from a member's unsecured pension fund held under a money purchase arrangement that provides that member with an unsecured pension income for a term of no more than five years (not reaching to or beyond their 75th birthday), and which meets the conditions imposed through paragraph 6, Schedule 28 to the Finance Act 2004.

short-term assurance

Life assurance policy where any pay-out is likely to be made soon after the policy was issued. The term is used

in Income and Corporation Taxes Act 1988 Sch 15 para 10 which disallows from tax relief such a policy issued by a friendly society with a life of less than one year.

short-term benefit

Contributory social security benefit payable for a short period.

These are defined in Social Security Contributions and Benefits Act 1992 s20(2) as:

- (b) short-term incapacity benefit; and
- (c) maternity allowance.

Item (a) was jobseeker's allowance but was removed from the list by Jobseekers Act 1995 Sch 3.

Item (b) is repealed by Welfare Reform Act 2007 s67 from a date to be announced.

short-term capital

Capital which a business acquires for less than 12 months to fund its business activities.

short-term creditor

Person to whom money is owed that is due for payment in the next 12 months.

short-term debtor

Person who owes money that is due for payments in the next 12 months.

short-term employment

Employment for a period of three months or less (Trade Union and Labour Relations (Consolidation) Act 1992 s282). Such an employee does not have protection against redundancy.

short-term finance

Money lent to a business for a short period of time, usually repayable on demand and also repayable at the choice of the business if surplus to requirements.

short-term forecast

Same as **short-range forecast**.

short-term hiring in

Hire of a car for up to 45 days (Corporation Tax Act 2009 s58A).

short-term incapacity benefit

This is benefit below the higher rate is free of income tax under Income Tax (Earnings And Pensions) Act 2003 s664. The benefit is paid under Social Security Contributions and Benefits Act 1992 s30A(1).

short-term lease	“Means a lease whose effective duration is 50 years or less” (Corporation Tax Act 2009 s216).
short-term leasing	<p>Leasing of plant and machinery for a short period. Such leasing of plant and machinery to an overseas lessee avoids the restriction of capital allowances that would otherwise apply.</p> <p>Short-term leasing is defined in Capital Allowances Act 2001 s121(1) as being for either:</p> <ul style="list-style-type: none">• up to 30 consecutive days, or• no more than 90 days in any 12-month period. <p>The exemption for short-term leasing is given in Capital Allowances Act 2001 s105.</p> <p>An explanation is provided in the Inspector's Manual at CA 24100.</p>
short-term right to reject	A consumer's right to reject faulty goods within 30 days, as provided by Consumer Rights Act 2015 s22.
short-term security	Any form of security which matures within five years.
short ton	<p>American measure of weight equal to 2,000 pounds. The British ton is 2,240 pounds. The metric tonne is about 2,204 pounds.</p> <p>The British ton is therefore 12% heavier; the US ton is 11.72% lighter. The short ton equals 907.185 kilograms.</p>
shoulder surfing	Practice of looking over someone's shoulder while they are using a chip and pin card to find out their PIN number.
shovel-ready	Description of an infrastructure project (usually a large one) in which all the preliminaries and preparation have been completed and where the civil engineering work is ready to proceed.
shove the queer	Old slang term meaning to pass forged currency.
showcasing	<p>Arrangement whereby someone in the arts arranges an exhibition, concert or similar production to demonstrate his or her talent.</p> <p>Provided this has a genuine commercial nature, the loss is tax-deductible as revenue. A leading case was <i>Lunt</i></p>

v Wellesly [1945] 27TC78. The matter is discussed in the Inspectors' Manual at BIM37785.

shower	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
showroom tax	Term coined in 2008 for the increased vehicle excise duty payable for the first year for new large cars with high carbon dioxide emissions.
SHP	(1) Stakeholder pension. (2) ISO code for Saint Helena pound.
ShPP	Shared parental pay.
shrinkage	Amount by which something reduces in size. The term is particularly used for loss of stock through shoplifting and staff theft.
shroud	For VAT, this is exempt if provided as part of a funeral service. Further details are given in VAT notice 701/32.
shun-pike	American slang for a side road used to avoid a toll.
shutter	Part of a building (Capital Allowances Act 2001 s21(3) List A).
shuttle mediation	Form of mediation where the parties are not together. The mediator meets them separately and relays their views to each other. Such a process is slow and rarely used, but may be necessary if the parties cannot or will not be brought together.
Shylock	Grasping money-lender, from the character in <i>Merchant of Venice</i> by Shakespeare.
SI	(1) Statutory Instrument, secondary legislation, made by ministers under powers granted to them in an Act of Parliament. (2) Country prefix code for Slovenia. (3) <i>Système International d'Unités</i> . International system

of metric units of measure.

SI\$ Abbreviation: Solomon Islands dollar.

SIB **Securities and Investments Board.**

SIC Prefix for official interpretations of International Accounting Standards before May 2004. Those issued since are prefixed IFRIC.
The oldest extant SIC is SIC 7 on the introduction of the euro, issued in 1998.

sic Latin: thus.
Indication in a text that it is reproduced correctly, such as when it contains a grammatical or other error.

sic bo Chinese dice game.
From 23 April 2002, this game is specifically added to the list in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of **gaming licence duty**.

sick club Scheme run by many doctors in general practice from around 1858 to 1948. Members paid a subscription, originally sixpence a week, to cover the cost of any medical treatment.

sickness and accident Description of an insurance policy which pays a benefit to a beneficiary who is unable to work through sickness or accident. Normally pays out for a set period, i.e. one or two years.

sickness benefit Social security benefit payable to those who are sick and not eligible for **statutory sick pay**. It was introduced on 5 July 1948 in its present form at a rate of £1 6s (£1.30) a week for a man.

Before 5 October 1986 there were half and three-quarters rates for claimants with insufficient national insurance to claim the full rate.

sickness benefits-related voucher

Expression used in Income Tax (Earnings And Pensions) Act 2003 s76, which states how such a voucher should be taxed as a benefit in kind.

sickness payment	For national insurance, "any payment made in respect of absence from work due to incapacity for work" (Social Security Contributions and Benefits Act 1992 s4(3)).
sick pay	Payment of normal or reduced wages while an employee is sick.
sic utere tuo et alienum non laedas	Latin: so use your own property as not to injure your neighbour's.
SID	Senior independent director.
sideways loss relief	<p>When a loss from one trading activity may be offset against the profits of another trading activity <i>in the same accounting period</i>. It should be noted that this relief cannot be carried forward or back to other periods. It must be claimed within two years of the end of the loss-making accounting period.</p> <p>For companies, this relief is given by Corporation Tax Act 2010 s37. For individuals, it is given by Income Tax Act 2007 s75.</p> <p>From 2 March 2007, there are restrictions on the ability to offset such losses from a partnership or limited liability partnership, particularly when the partner has not been actively involved in the management of the partnership.</p>
sideways relief	Another name for sideways loss relief .
Sierra Leone	East African country. Its currency is the leone of 100 cents. The UK has a double taxation agreement of 1947 amended by a protocol of 1968.
SIFA	Part of the Financial Services Authority's Handbook Guide entitled <i>Using the FCA handbook: an Overview for Small IFA firms</i> .
sight deposit	Funds in a bank which may be withdrawn immediately.
sight draft	Bill of exchange which is payable when presented.
sight impaired	Person who has such poor sight that they may be registered as blind, even though they are partially

sighted.

Sightsavers

International non-governmental organisation that works to treat and prevent avoidable blindness in developing countries. It was founded in 1950 as the British Empire Society for the Blind.

sigma

The Greek letter denoted by the symbol Σ .

In mathematics this is used to denote the sum of a series of a digits. So $\Sigma 4$ equals 10, namely $1 + 2 + 3 + 4$.

sign

Writing

Write one's name as a **signature** to authorise or assent to a document.

Every tax return must be signed, though supporting accounts need not be.

Trade name

Display of a business name such as on premises.

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

signatory

Person authorised to sign documents for an organisation.

signature

Stylised form of a person writing his or her name to indicate that that person authorises the document. It is not a requirement that the signature be legible, though legible signatures are often seen as more difficult to forge.

It is a requirement that a tax return on paper must be hand signed by the taxpayer (Taxes Management Act 1970 8(2)).

Where a taxpayer cannot act for his or her own benefit, an attorney may sign the forms under statement of practice A13 of 18 June 1979.

An attorney may also claim tax on building society interest for taxpayers unable to act for themselves (Tax Bulletin TB04/96-5 of 22 April 1996).

For bills of exchange, "where, by this Act, any instrument or writing is required to be signed by any person, it is not necessary that he should sign it with his

own hand, but it is sufficient if his signature is written thereon by some other person by or under his authority” (Bills of Exchange Act 1882 s91).

signed accounts

There is no requirement for business accounts submitted with a tax return to be signed.

HMRC lost a case where they imposed a penalty for late submission because the accounts were returned for signature (*Codu Computer Ltd [2011] TC 1055*).

signet ring

Ring worn on the finger which bore an impression identifying the wearer. This could be pressed into soft **sealing wax** to indicate that the document had the authority of the wearer.

significant

This word is used in various accounting contexts, such as in FRS 5 on reporting the substance of financial transactions. In this context, whether an asset or liability remains **recognised** depends on whether there have been any “significant” changes. Para 25 says “‘significant’ should be judged in relation to those benefits and risks that are likely to occur in practice, and not in relation to the total possible benefits and risks”. A similar definition appears in para 75.

significant accounting transaction

For the purpose of dormant companies, “means a transaction that is required by section 386 to be entered in the company’s accounting records” (Companies Act 2006 s1169(2)).

significant difference

In statistics, a difference which indicates a relationship between results. This is usually regarded as being around 20%.

If a test to see if there was any correlation between A and B showed average results of 1.03 with B and 1.07 without B, there is no significant difference, as such a difference could just be down to statistical sampling. If the results were 1.03 and 1.27, there is an indication that there probably is some significant difference. This leads on to considerations of **causation**.

significantly below cost

Term used in VAT notice 701/1 in relation to supply of **welfare services**.

These are treated as being not a business supply if significantly below cost, which means for no more than 85% of the cost to the welfare service provider.

significant influence

Accounting for associates

In relation to accounting for associates, "significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies" (FRS 102 glossary).

Taxation of LLP members

Term used to determine whether a member of a limited liability partnership (LLP) should be taxed under PAYE. Guidance on exactly what this means is given in an HMRC Technical Note of 10 December 2013.

significant pain or discomfort

Term used in VAT notice 701/2 in relation to the supply of **welfare services**.

If a person cannot perform **routine domestic tasks** without significant pain or discomfort, an organisation performing such tasks for such a person may be providing a zero-rated supply.

significant people function (SPF)

Under the controlled foreign companies regulations from 2012, one of the three conditions that must be met for overseas profits to come within the scope of UK tax.

The other two conditions are that:

- the separation of assets or risks from activity does not give rise to substantial non-tax value which is that part of the value of a project which is not derived from saving tax. HMRC expects the non-tax value to be at least 20% of the total to be regarded as substantial,
- the arrangement which creates this separation would not be entered into by independent companies.

significant tax dispute

Term used by HMRC in two Notes that it issued on 27 and 28 February 2012. The former relates to transparency and the latter to management of the dispute.

The term is not formally defined in either Note, though the former refers to disputes involving at least

£100 million in tax.

signing-on fee

Fee paid to someone, particularly a sportsman, to join an organisation. The tax treatment of such fees is discussed in the inspectors' manual at EIM00700 and EIM00710. In most cases, a signing-on fee is now regarded as taxable as employment income.

sign-up

A term used for the process of signing up for VAT Online Services by obtaining and using a Government Gateway user ID.

Sikes hydrometer

Device used by Customs to test spirits from 19th century. It was finally taken out of use in 1979.

silk

Common term for a barrister who is a **Queen's Counsel**. Such barristers wear silk gowns.

Silk v Fletcher

Leading tax case relating to the allowability of interest paid. Its full citation is *Silk v Fletcher SPC 201, SPC 262*.
The case is discussed in the Inspector's Manual at BIM45725.

silver ceiling

Business jargon for an unofficial limit to promotion for older employees.

silver coins

Silver has been used as a means of exchange from early days. Until 1920, British coins were minted from **sterling silver**, where 925 parts are silver and only 75 base metal. In 1920, the ratio was reduced to 500:500. From 1947, "silver coins" are minted from **cupro-nickel** except for **Maundy money**. From 2012, they are made of cupro-nickle coated stainless steel.

silver plate tax

Excise duty charged on silver plate between 1756 and 1776.

silver threepence

Small silver coin minted between 1547 and 1937 worth three old pence (1¼p). It was traditionally put in Christmas puddings. They are still minted as part of **Maundy money**.

silverware tax	Excise duty on the manufacture of silver goods, charged between 1720 and 1758, and again from 1784 to 1790.
Sim	Simon's Reports, law reports of Chancery from 1826 to 1852.
simalcrum	Sham arrangement.
similiter	Latin: in like manner.
Simon, John	English Liberal politician (1873-1954) who was Chancellor of the Exchequer from 28 May 1937 to 10 May 1940 under the coalition government of Neville Chamberlain. He subsequently became Lord Chancellor. As a judge, he edited the early editions of what became Simon's Taxes.
simple average cost	The average value of a unit of stock, calculated as the average price paid during the accounting period. This method is usually not used in preference to First In First Out.
simple contract	Contract made other than under seal, but which is a formal contract .
simple contract debt	Debt arising from a simple contract .
simple interest	<p>Where interest is charged on the principal but not on any interest already applied, as with compound interest.</p> <p>If simple interest of 10% is charged on capital on £100, the interest is £10 in year 1, £10 in year 2, and £10 in every subsequent year.</p> <p>For compound interest, the interest is still £10 in year 1. But in year 2, the balance is now £110, so the interest is £11. In year 3, it is £12.10. The sum keeps increasing in future years.</p>
simple journal entry	Journal entry that involves just one debit entry and one credit.
simple lottery	Form of lottery where all the prizes are awarded by chance (Gambling Act 2005 s14(2)). This covers most forms of raffle and tombola, as well as the National Lottery .

- simple trust** Trust created simply by passing property to trustee.
- simpliciter** Latin: simply, without addition or qualification.
- Simplified Administration** The system most often used to administer group insurance. Designed to keep administration overheads to a minimum. Normal changes in membership and benefit need only be advised to the insurer on a periodic (usually annual) basis.
- Simplified Administrative Accompanying Document (SAD)**
A control document for duty paid goods moving between European Union (EU) Member States.
- simplified card** Part of the original **PAYE** scheme where domestic servants could always be paid on a **week 1** basis without using cumulative tax codes.
- Simplified Declaration Procedures (SDP)**
Scheme that allows exporters to submit abbreviated details of exports to Customs at the time of export, and provide further details within 14 days.
- simplified deduction scheme**
Variation of the PAYE scheme that may be used for **personal employees**, such as servants in a private household (PAYE Regulations SI 2003 No 2682 reg 34).
- simplified export declaration**
Export declaration that may be made in simple cases of exported goods. The declaration is made electronically to Customs under the **National Export System**.
- Simplified Frontier Declaration (SFD)**
Customs declaration for goods imported under the CFSP arrangements.
An SFD contains a minimum amount of information and is submitted at the frontier. Presentation of an SFD enables clearance at the frontier or removal to Local Clearance Procedure Clearance Procedure for goods imported under CFSP.
- Simplified International Trade Procedures Board (SITPRO)**
Trade facilitation organisation funded through the

Department for Business Enterprise and Regulatory Reform. Mainly concerned with procedures and documentation related to international trade. Reconstituted as a company in 2001, under the name SITPRO Ltd.

simplified PAYE

PAYE system that could be used for domestic staff before 6 April 2014. It broadly treated each pay period as month 1. Details were given in PAYE regulations SI 2003 No 2682 from s34.

simplified procedure

Any alternative tax procedure that is less involved than the normal procedure and may be used in simple cases.

The term is particularly used for VAT on **installed and assembled goods** supplied to another EU member state, as explained in VAT notice 725.

There is also a simplified procedure in **triangulation** which means that the intermediate supplier need not register in another EU member state. This is also explained in VAT notice 725.

simplified transit

Range of simplifications to normal transit procedures for Customs purposes.

These include comprehensive guarantee or guarantee waiver, special seals, authorised consignor status, authorised consignee status, procedures for particular modes of transport, and bilateral simplifications.

simultaneous or later disposal value

For disposals under a finance lease, this term is defined in Income Tax Act 2007 s614BS(6).

For anti-avoidance, the term is defined in Corporation Tax Act 2009 s918(6).

sinecure

Enjoyment of payment for a position that involves no work.

sine die

Latin: without day. Expression used to refer to a case that is adjourned indefinitely.

sine ira et studio

Latin: without ill-will and without favour.

sine qua non

Latin: an indispensable condition.

Singapore

Eastern country. Its currency is the Singapore dollar of 100 cents. The UK has a double taxation agreement of 1997, a protocol of 2010 and two protocols of 2012.

Extra-statutory concession A49 applies to the widow of a man of Singapore nationality who was resident in the UK and worked as a public official for the government of Singapore.

Singapore dollar

Currency of Singapore.

singer

Pensions

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.

Value added tax

The European Court of Justice ruled in a German case that the performance of solo singers did not come within the scope of VAT exemption for cultural services under what was the Sixth Directive Article 13A(1)(n), as that referred only to "bodies" and did not apply to individual performances.

(Hoffmann. ECJ Case C-144/00 [2004] STC 740).

single

The status of being unmarried.

A single man is a **bachelor**; a single woman is a **spinster** though the term bachelor girl is not unknown.

Single Administrative Document (SAD)

A multi-purpose customs document which must generally be completed for Customs purposes for goods imported into the UK.

The SAD must state:

- the ship's name or aircraft flight number;
- date of arrival;
- bill of lading or air waybill number;
- post or place of loading;
- identification number of ship or aircraft;
- original place of loading;
- destination;
- description of goods, including identification marks on containers, and details such as quantity, weight

or volume;

- any other Customs document completed for the importation; and
- the name, address and capacity in which the form is signed.

A SAD may be commercially produced if approved by Customs.

single alternative inspection location (SAIL)

Term used by Companies House for where a company's records are kept for inspection and which is not its registered office.

single asset pool

Pool for capital allowance purposes that contains only one item (Capital Allowances Act 2001 s54(3)).

Assets that must be put into such a pool (with the relevant section of the Act) are:

- **short-life assets** (s86)
- **ships** (s127)
- plant and machinery for a non-qualifying activity (s206)
- partial depreciation subsidy (s211)
- contribution allowances for plant and machinery (s538).

In relation to **partial depreciation subsidies**, there are further provisions in Capital Allowances Act 2001 s211.

single authorisation for simplified procedures (SASP)

Procedure that allows an importer to register with Customs or its equivalent in one member state but to be able to import into any member state. The importer accounts for the import in the registered state.

It was intended that this procedure should also be used for VAT, but this has not proved possible.

single claim

Term used for tax credits by a person claiming for themselves alone, unlike a **joint claim** (Tax Credits Act 2002 s3(8)).

single claimant

For **universal credit**, means "a single person who makes a claim for universal credit or in relation to whom an award of universal credit is made as a single person" (Welfare

Reform Act 2012 s40).

single collection

Service offered by Royal Mail, whereby a single item of mail is specially collected for an additional charge.

single company

In relation to tax provisions for venture capital trusts, this is defined as a company without qualifying subsidiaries (Income Tax Act 2007 s332).

single company PEP

A tax efficient investment where you invest in the shares of only one company.

single compliance process (SCP)

Arrangement between HMRC and a small or medium sized enterprise or its tax agent to establish in advance the tax risks for a particular client.

“The SCP is aimed at improving the quality of service HMRC provides throughout the course of a compliance check by adopting a more collaborative approach, reducing unnecessary delays, reducing the customer burden and focussing solely on the aspects that HMRC needs to” (HMRC Notice of 7 February 2012).

SCP started in December 2010 and was due to end in January 2012. This has been extended to May 2012 and then September 2012.

single currency

Term originally used for the **euro**, adopted by ten of the then 15 EU states on 1 January 1999 and subsequently adopted by other countries. It is now used by 19 of the 28 EU states. The adoption of the currency occurred thus:

- 1 January 1999: Austria, Belgium, Finland, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Portugal, Spain
- 1 January 2001: Greece
- 1 January 2007: Slovenia
- 1 January 2008: Cyprus, Malta.

single-dwelling interest

Term used for **annual tax on enveloped dwellings** and defined in Finance Act 2013 s108.

single dwelling transaction

For stamp duty land tax, a transaction whose “main subject matter consists of —

- (a) an interest in a single dwelling, or
- (b) an interest in a single dwelling and other

	<p>property” (Finance Act 2003 Sch 6B para 3(2)).</p>
single entry bookkeeping	<p>Bookkeeping where just one entry is made for each financial transaction, unlike traditional double-entry bookkeeping.</p> <p>Single entry bookkeeping usually records everything in a cash book. There is no law against using single entry bookkeeping, though the lack of a journal means that it is not easily possible to produce statutory accounts.</p>
single-income claimant	<p>In relation to incapacity benefit, this term is specifically defined in PAYE regulations SI 2003 No 2682 reg 173.</p>
single investment project	<p>In relation to the cap on first year allowances for plant and machinery in designated assisted areas, “has the same meaning as in Commission Regulation (EU) No 651/2014 (General Block exemption regulations)”. (Capital Allowances Act 2001 s212U(5)).</p>
Single Market	<p>Term used from 1993 to refer to trading between EU states. Measures brought into force by the EU on 1 January 2003, creating an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured.</p> <p>This required important changes to the way VAT and some excise duties are charged and accounted for.</p>
single member company	<p>A limited company which has only one member. Such companies are now legal under UK company law. The register requirements are set out in Companies Act 2006 s123.</p>
single period capital rationing	<p>In management accounting, capital rationing for one period only, typically the first period of a project.</p>
single person	<p>For the purpose of the benefit cap for social security, “means a person who is not a member of a couple” (Welfare Reform Act 2012 s96(10)).</p>
single premium costed	<p>A method of cost calculation used for group insurance schemes with a small number of members (typically less than 20). The overall premium is based on the costs calculated in detail for each member and based on age,</p>

sex and other factors.

single premium bond Life assurance policy sold as an investment product. Each year up to 5% (cumulative) of the sum deposited may be withdrawn from the bond without payment of tax.

The whole sum is taxed at the end, usually when the bond holder's tax liability has reduced, such as in retirement. There is no capital gains tax on the profits of such a bond, and most anti-avoidance provisions do not apply.

single premium policy Life insurance policy paid for in advance by one single premium rather than in periodic premiums.

single priced unit trust For child trust funds, "means an authorised unit trust in respect of which the manager gives the same price for buying and selling units at the same time" (Child Trust Funds Regulations SI 2004 No 1450 reg 11(2)).

single ship pool Balance of expenditure for a ship that must be kept separate from other capital expenditure for capital allowance purposes under the provisions of Capital Allowances Act 2001 s127.

An explanation is provided in the Inspector's Manual at CA 25150.

Single Source Regulations Office (SSRO)

Body established by Defence Reform Act 2014 s13.

single stakes about In betting, a term for an **up and down** bet which uses the same stakes as for a normal bet.

single-statement approach In accounting, when an entity choose to produce a single statement of comprehensive income (profit and loss account), as against the **two-statement approach** which allows for a separate **income statement**.

The accounting requirements are set out in FRS 102 Section 5.

single tax Doctrine that only land rent should be taxed, as espoused by Henry **George** in *Progress and Poverty* (1879).

single taxable person For VAT, one person who runs a business or businesses. If the businesses is artificially split, HMRC has power to

aggregate them (VAT notice 700).

single-tier adviser	Financial adviser who advises on the financial products of only one company and is usually and employee of that company.
singleton brewery	Brewery that has one premises. This can be relevant for determining the rate of beer duty (Alcoholic Liquor Duties Act 1979 s36D-36F).
single trip insurance	Insurance policy arranged for a single journey or one return journey, such as for a holiday.
singular	“In any Act, unless the contrary intention appears, — ... (c) words in the singular include the plural and words in the plural include words in the singular” (Interpretation Act 1978 s6).
sink	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
sinking fund	Fund where money is put aside to meet a future requirement, particularly repayment of a loan. When the requirement is met, the fund “sinks”, which means it disappears.
sinking fund method	Method of calculating depreciation by providing a sum which increases each year using compound interest .
sinking stone	Large stone with a hole in it for securing a rope. It was used by smugglers to hide barrels of liquor below the surface of the sea.
Sinn Féin (SF)	Irish: ourselves alone. Irish nationalist political party. It became the main nationalist party in 2001.
sin rent	Charge sometimes made by the medieval church on those who kept a concubine or lived in sin.
sin taxes	Colloquial term for sumptuary taxes on products seen as socially undesirable. An example is excise duties on

	tobacco and alcohol.
Sint Eustatius	One of the islands of what was known as the Netherlands Antilles.
Sint Maarten	One of the islands of what was known as the Netherlands Antilles.
SIP	Share incentive plan.
SIP code	Body of tax law that is concerned with share incentive plans (SIPs). The tax law largely comprises Income Tax (Earnings and Pensions) Act 2003 s488 and Corporation Tax Act 2009 from s984.
SIPP	Self-invested personal pension scheme.
SIR	(1) Standard for Investment Reporting. (2) Savings Income Information Regulations 2003. (3) Savings Income Return, made under SI 2003 No 3297. It was previously known as a Type 7 return.
sist	In Scots law, a stay in legal proceedings.
sister company	Another company which is part of the same group .
sit-down strike	Strike by workers who sit at the workplace and refuse to move. It was a common practice in the 1930s.
site	In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 s356BC.
site of the old dwelling	In relation to annual tax on enveloped dwellings, means "the land on which the dwelling stood and that counted as part of the dwelling" (Finance Act 2013 s127(5)).
site preparation	Preparing a site for construction or other purpose. Such expenditure is normally regarded as part of the construction or other cost. For waste disposal, corporation tax provisions are given in Corporation Tax Act 2009 from s143, and for income tax in Income Tax (Trading and Other Income) Act 2005 from s165.

site preparation expenditure	“In relation to a waste disposal site, means expenditure incurred on preparing the site for the deposit of waster materials” (Income Tax (Trading and Other Income) Act 2005 s167(1)).
site restoration payment	Payment to restore a site which had been used for disposing of waste. From 6 April 1989 such a payment is often tax deductible (Income and Corporation Taxes Act 1988 s91A(4) and Corporation Tax Act 2009 s145). A full definition is given in Income Tax (Trading and Other Income) Act 2005 s168(3).
site-wide operation	Arrangement whereby someone who operates an amusement arcade may account for VAT on the basis of all machines rather than for each machine separately (VAT notice 701/13). HMRC permission must be obtained.
SITPRO	Simplified International Trade Procedures Board.
SITR	Social investment tax relief.
sitting day	In relation to the Provisional Collection of Taxes Act 1968, this “means a day on which the House [of Commons] sits” (Provisional Collection of Taxes Act 1968 s1(5C)).
sitting places	Places where a tribunal may sit (Tribunals, Courts and Enforcement Act 2007 s26).
sitting tenant	Person who is legally occupying a domestic or commercial premises when the freehold is sold. The presence of a sitting tenant often significantly reduces the value of the premises.
SIV	Standard Import Values.
six counties	The counties of Northern Ireland.
Six-Month Offer	Term used for an element in the government’s welfare-to-work programme. The Offer ran from April 2009 to March 2011. Its main element was to provide £50 a week assistance for 16 weeks to unemployed benefit claimants to set up their own business. The Offer replaced the New Deal and has itself

	been replaced by New Enterprise Allowance .
sixpence	Coin worth half a shilling or 2½p, first introduced by Edward VI in 16 th century. The coin was demonetised on 30 June 1980.
sizings	Allowance of food traditionally prescribed for an undergraduate.
SJ	Solicitors' Journal. This includes law reports from 1857.
SK	Country prefix code for Slovakia.
skattur av nytstlugjaldi	Royalty tax in Faroe Islands. It comes within the scope of the UK/Faroes Double Taxation Convention.
skattur eftir kolvetnisskattalógini	Revenue tax on hydrocarbon oil in Faroe Islands. It comes within the scope of the UK/Faroes Double Taxation Convention.
skier	<p>A skier may retire on a personal pension below the age of 50, provided:</p> <ul style="list-style-type: none">• the person had the right by 5 April 2006,• the right was unqualified in that it needed no other person to consent,• the right was set out in the governing documentation of the pension scheme by 10 December 2003. <p>(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).</p>
skill	Combination of knowledge and practical ability that an individual can apply to a particular task.
skilled employee condition	<p>In relation to enterprise investment scheme and similar schemes, one of the two conditions for a company to be a knowledge-intensive company. The other condition is the innovation condition.</p> <p>The main element of the skilled employee condition is that, broadly, at least 20% of employees are skilled (Income Tax Act 2007 s252A as inserted by Finance (No 2) Act Sch 5).</p> <p>For venture capital trusts, the same definition is</p>

	used in Income Tax Act 2007 s331A(9) as inserted by Finance (No 2) Act 2015 Sch 6.
skill machine	Term used in VAT notice 701/13 for a machine that tests a person's skill or knowledge. They are not regarded as gaming machines .
Skills Funding Agency (SFA)	Government-backed body formed in April 2010 to provide further education for young people. It works with the Young People's Learning Agency formed at the same time.
skill with prizes (SWP)	Description of a machine that is a skill machine .
skimming	Practice of removing many small amounts of money from funds. This is usually theft.
skimming pricing	Pricing strategy where an organisation sets an initial high price and then slowly lowers the price to make the product available to a wider market.
skin game	Swindling trick. The term was common in the 1920s.
skirting	In relation to a caravan , the supply of a skirting is regarded as an integral part of the supply of a caravan. For VAT, the treatment of the skirting is the same as for the caravan.
ski travel insurance	Travel insurance with additional medical cover for skiing holidays.
Skr	Skipper.
SLA	Short life asset , for capital allowances.
slab basis	<p>Basis of calculating tax whereby the whole amount is subject to tax once a threshold has been reached. Stamp duty and national insurance have been computed on the slab basis. In other countries, such as Pakistan, the slab basis has been used for income tax.</p> <p>The slab basis also applies to other taxes such as the "all or nothing" income tax provisions on Christmas parties.</p> <p>The alternative is the slice basis.</p> <p>The points where rates change under the slab basis are</p>

called **notches**. The gap above the notch, where additional income does not lead to additional net pay, is known as a hole.

The notch formula for determining the size of a hole is $P = T(H - L)/(1 - H)$ where P is the amount of additional income above the threshold needed to compensate for the higher rate of tax, T is the threshold or notch at which the higher rate applies, L is the rate below the notch and H is the rate above the notch. Both L and H are expressed as decimals.

slack	In finance, spare capacity. The term comes from sailing where a slack rope can be tightened to get more speed from a sail.
slack period	Time when business is light. Normally such periods are expected to be slack.
SLA	Standard lifetime allowance, for pension contributions. The abbreviation is used in the formula in Finance Act 2004 s218(4).
SLA election	In tax, an election to treat an integral feature of a building as a short life asset for the purposes of capital allowances. The election must be made within two years of the end of the tax year in which the expenditure arose.
slate	Record by pub or shop of sums owed by customers. The term comes from the old practice of writing details on a slate or blackboard.
slate club	Old term for a contributory welfare society.
slatted flooring area	This qualifies as plant and machinery (at the higher rate) in the pig industry when used in connection with a slurry system (HMRC Brief 03/2010 issued on 23 February 2010).
slaughter	The tax provisions for compensation for compulsory slaughter of animals are set out in Income Tax (Trading and Other Income) Act 2005 from s225ZA, with effect from 1 March 2012.
slaughtering instrument	"Means a firearm which is specially designed or adapted for the instantaneous slaughter of animals or for the

instantaneous stunning of animals with a view to slaughtering them" (Firearms Act 1968 s57).

slavery

Ownership of one person by a master where the slave is required to work for subsistence. This was formally abolished in the UK in 1807 having been held to be illegal by the courts in 1772. It continued in other countries into the 20th century.

The current law against compulsion to work is contained in Trade Union and Labour Relations (Consolidation) Act 1992 s236.

There is new law against **modern slavery**.

slavery and trafficking prevention order

Order made by a court under Modern Slavery Act 2015 s14.

slavery and trafficking reparation order

Order made by a court under Modern Slavery Act 2015 s8.

slavery and trafficking risk order

Order made by a court under Modern Slavery Act 2015 s23.

slavery contract

Contract whereby an entertainer sells his services to a company in exchange for a regular income.

Such income is generally assessable as employment income, except that the broadcaster David Frost managed to maintain his self-employed status in a case in 1980 when he sold his services to an American company.

SL carer

Shared lives carer, an adult who looks after another adult.

sleeping partner

Person who is a partner in a business but plays no part in its management. Such a person has usually provided significant funding for the business. His share of the profits represents his return on that funding.

sleep-out

Organising people to sleep outdoors on a day of registration to frustrate the purpose of a register. Such a campaign was organised in 1987 and subsequent years as a protest against **community charge**.

SLfT	Scottish landfill tax.
slice basis	<p>Basis for calculating tax where progressive rates are applied on each slice of a figure. Income tax uses the slice basis. This is used for income tax.</p> <p>The alternative is the slab basis where the same rate is applied to the whole amount once a threshold has been reached. Stamp duty land tax uses the slab basis.</p>
slide rule	<p>Device which comprises a ruler with an inset that slides. Both parts are calibrated. By this means, mathematical functions such as multiplication are simplified. In the 1960s, slide rules were also made to calculate PAYE.</p> <p>Subsequent development of calculators and computers has largely made slide rules redundant.</p>
sliding scale	<p>Scale of prices or charges that move according to fluctuations in a base cost. The term was particularly used for corn law of 1828.</p>
slimming products	<p>For VAT, edible products are generally zero-rated as food. Appetite suppressants are generally standard-rated. The exact scope is set out in VAT notice 701/14.</p>
slippers	<p>Slippers can only be zero-rated as children's clothing if below size 3 (<i>R Spencer (Cosy Comfort Slippers) Ltd [1991] VTD 7945</i>). They could not benefit from zero-rating for girls' shoes up to size 5½, as slippers are generally suitable for either sex.</p>
SLL	ISO code for Sierra Leone leone.
Slovakia	<p>European country that is a member of the European Union. Its currency is the euro of 100 cents. The UK double taxation convention of 1990 with Czechoslovakia continues to apply.</p>
Slovenia	<p>European country that is a member of the European Union. Its currency is the euro of 100 cents. The UK has a double taxation convention of 2007.</p>
slow moving stock	<p>Stock that takes longer to sell than expected. For such stock, HMRC may accept that the net realisable value is</p>

	less than cost, as discussed in the Inspectors' Manual at BIM33145.
slow payer	<p>Customer who habitually is late in making payment.</p> <p>For such a customer, the debt is not deductible as a bad debt unless there is evidence of the customer's poor financial position. The matter is discussed in the Inspectors' Manual at BIM 42710.</p>
SLRP	Supervisory Liquidity Review Process.
SLT	Scots Law Times, Scottish law reports from 1893.
sludge dewatering system	This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).
slug	<p>Name for a counterfeit blank coin intended for use in machines. Making and using slugs is a criminal offence.</p> <p>The term can also be used for a legal foreign coin that has the same physical properties as the coin for which it is unlawfully used.</p>
sluice	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
slurry storage	<p>Place where farmers (and some others) are required to store fertilisers under The Control of Pollution (Sludge, Slurry and Agricultural Fuel oil) Regulations 1991. The regulations are tightened up in Nitrate Vulnerable Zones from 1 January 2009. Slurry storage typically comprises a tank or pit, with pipes or channels.</p> <p>Guidance on the right to claim capital allowances for slurry storage was given by HMRC in <i>HMRC Brief 66/2008</i>. Broadly this allows the facilities to claim allowances as plant and machinery, except to the extent that they comprise buildings.</p>
slurry storage systems	This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).

small beer

Weak beer. By extension, a trivial matter.

Between 1643 and 1830, the term defined weaker beer that had a lower rate of excise duty. The difference was determined entirely by the palate of the excise officer who sampled it.

small brewery beer

Beer that is produced in quantities of less than 60,000 hectolitres a year (30,000 hectolitres) before 1 June 2004 (Alcoholic Liquor Duties Act 1979 s36D).

If this and some other conditions are met, it attracts a lower rate of **beer duty** (Customs notice 226). This provision was introduced from 1 June 2002.

The term is replaced by **beer from small breweries** from 1 October 2011.

small business

“An undertaking other than a micro business... which meets the following conditions... —

(a) it has a headcount of staff of less than 50, and

(b) it has —

(i) a turnover, or

(ii) a balance sheet total,

of an amount less than or equal to the **small**

business threshold”

(Small Business, Enterprise and Employment Act 2015 s33(2)).

For the purposes of the **Small Business**

Commissioner, the term means “a relevant undertaking which —

(a) has a headcount of staff of less than 50,

(b) if the business threshold condition applies to the relevant undertaking, meets that condition, and

(c) is not a public authority”

(Enterprise Act 2016 s2(1)).

Small Business Commissioner (SBC)

Position created by Enterprise Act 2016 s1(1). The function is:

“(a) to provide general advice and information to small businesses..., and

(b) to consider complaints from small businesses relating to payment matters in connection with the supply of goods and services to larger businesses...” (ibid s1(2)).

small business conditions	The conditions needed for a business to come within the definition of a small business as defined in Small Business, Enterprise and Employment Act 2015 s33(2) and regulations.
small business rate relief	Scheme introduced from 1 April 2005 to provide relief from business rates by small businesses in properties with a low rateable value. It provides relief of up to 50%. Provisions are contained in Local Government Finance Act 1988 s43.
small business threshold	The monetary limits of turnover and balance sheet total, below which a business meets the conditions for being a small business as defined by Small Business, Enterprise and Employment Act 2015 s33(2).
Small Caps	For investment, another name for smaller companies, as measured by their market capitalisation. A typical definition is one which has a market capitalisation of less than US\$500 million.
small change	Small amount of money. Literally it means coins of a low value.
small claim	Claim in the county court which uses the small claims procedure.
small claims court	Misnomer for the county court. There is no separate court for small claims; there is just a small claims procedure.
small companies rate	Term used before 2010 for the lower rate of corporation tax which applies to businesses which have made a smaller taxable profit. It is now called the small profits rate .
Small Companies Regulations	"The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409)" (FRS 102 glossary).
small company	Company which for any year meets at least two of these conditions: <ul style="list-style-type: none">• turnover not more than £6.5 million;• balance sheet total no more than £3.26

million

- no more than 50 employees.

These limits apply for accounting periods that start after 5 April 2008. They are given in Companies Act 2006 s382(3).

The amounts are set by the EU in euros, which is the amounts are not round figures.

Previous limits are:

From	Turnover	Assets	Empl
6 April 2008	£6.5 million	£3.26 million	50
20 January 2004	£5.6 million	£2.8 million	50
16 November 1992	£2.8 million	£1.4 million	50

A small company is relieved from some provisions of company law, and comes within the scope of some tax reliefs.

small craft

For Customs purposes, any sea-going vessel of up to 100 tons. Hovercraft are also classified as small craft.

Small craft may be given a Customs licence which exempts them from certain Customs regulations.

small disposal

For capital gains tax, no tax is payable for small disposals in four circumstances:

- on a capital distribution (Taxation of Capital Gains Act 1992 s122(2));
- on a share reorganisation (ibid s116(13));
- a premium on conversion of securities (ibid s133(2)); and
- cash on compulsory acquisition of land (ibid s43(1)(a)).

In each case, the amount received is treated as a reduction in acquisition cost.

The legislation does not define “small”, though the courts have provided guidance in cases such as *O'Rourke v Binks [1992] STC 703*.

The courts say that “small” is a question of fact and degree, and must be considered in the light of the circumstances of each case. The aim is to avoid paying tax on trivial amounts.

HMRC has published guidance indicating that “small” means up to £3,000, or up to 5% if greater. A

taxpayer may argue that a larger figure is "small".

small earnings exemption (SEE)

Amount of annual earnings below which a self-employed person need not pay class 2 national insurance contributions nor register for national insurance. The law is Social Security Contributions and Benefits Act 1992 s11(4).

small employer's relief (SER)

Additional amount of statutory maternity pay and related payments that may be recovered from the government by a small employer.

Eligibility for the relief is determined by the total national insurance paid in the previous year. The limit has been £45,000 since 6 April 2004. It was £40,000 from 6 April 2002, and £20,000 previously from 6 April 1994. This relief also applied for statutory sick pay for 1994/95 only.

SER attracts relief at 100% plus a **compensation rate** (reflecting that SMP often incurs employers' national insurance). Other businesses may only recover 92%.

small entity

For accounting,

“(a) a company meeting the definition of a small company as set out in section 382 or 383 of the [Companies Act 2006] and not excluded from the small companies regime by section 384;

(b) an LLP qualifying as small and not excluded from the small LLPs regime, as set out in LLP Regulations [SI 2008 No 1912]; or

(c) any other entity that would have met the criteria in (a) had it been a company incorporated under company law” (FRS 102 glossary).

small gift exemption

For inheritance tax, a gift of up to £250 a person in one tax year. This is exemption from inheritance tax (Inheritance Tax Act 1984 s20).

Provided that the limit is not breached for any one person in any one tax year, the donor may make any number of gifts of this value. So a man with ten children and grandchildren could give them a total of £2,500 tax year. If larger donations are made, they may be exempt under other exemptions, such as the **annual exemption**.

The exemption is not an allowance. So if a donation of £300 is made to a person, it is not possible to use this

exemption to reduce the chargeable gift to £50.

small gifts from third parties When provided to an employee for a total value of £250, such gifts are exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s324.

small holding

Land

Plot of agricultural land that is not big enough to be called a farm.

It was defined in Small Holdings and Allotments Act 1926 as being between 1 and 50 acres.

Securities

A holding of securities up to £5,000. Such a holding is generally excluded from tax provisions for **accrued income scheme** (Income Tax Act 2007 s639).

small income relief

Relief that was available for income tax on small incomes before **unified tax** was introduced in 1973.

small LLP Regulations

“The Small Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1912)” (FRS 102 glossary).

small maintenance payment

Maintenance, such as for a child or former spouse. For agreements made from 6 April 1988, such payments are paid gross.

Previously, only a payment of up to £48 a week (from 6 April 1986) could be paid gross.

small non-commercial consignments relief (SNCCR)

Relief from excise duty on small quantities of excisable goods sent to UK. This relief was abolished from 19 July 2007.

small or medium-sized enterprise (SME)

Business which is not large, as defined. The definition is the same as for **small company**, though it is not necessary for an SME to be legally constituted as a limited company.

small pack

For **beer duty**, a container up to 10 litres. For such packs, there are rules relating to **average size rules**, as explained in Customs notice 226.

small part disposal For capital gains tax, disposal of some of the land where the value transferred is up to £20,000 (Taxation of Capital Gains Act 1992 s242).

In defined circumstances, such a disposal may be regarded as a reduction of acquisition cost rather than a disposal.

small pool Capital allowance pool whose value has fallen to the **small pool balance**.

small pool balance In tax, a balance on the **PMA pool** (written down value of plant and machinery) which has reduced to less than £1,000. From 1 April 2008, a business may write off the whole balance in the tax year that the pool reduces to that size (Capital Allowances Act 2001 s56A).

small pools allowance In tax, a small balance of written-down plant and machinery which may be written off in 2008 when the new system of capital allowances is introduced.

Under the capital allowances scheme before April 2008, plant and machinery was written down each year, usually by 25% on the reducing balance method. This meant that plant and machinery never reached a value of zero until it was disposed of, but stayed in a pool which slowly shrank (unless new equipment was added). Under the system introduced from April 2008, a pool of up to £1,000 may be written off immediately.

small-prize gaming machine A machine where the value of the prize is small. There are usually two limits, one for a cash payment and one for the value of a tangible item as a prize.

Such a machine is exempt from **amusement machine licence duty**.

The limits depend on the maximum payment for a game, and the maximum cash prize and gift prize.

Max stake	Max prize	Max cash prize
2p	none	none
10p	£15	£8
30p	£8	£5
£1	£50	nil

small profits rate (SPR)	<p>Lower rate of corporation tax payable on taxable profits below £300,000 a year. Before 2010, this was known as the small companies rate. The new term is more accurate.</p> <p>The legislation for the rate is Corporation Tax Act 2010 s3, and for determining the profits subject to this rate is <i>ibid</i> s18.</p>
small-scale trade	<p>Term used in relation to a tax relief for charities (Income Tax Act 2007 s526).</p>
small ships	<p>For Customs purposes, "means — (a) ships not exceeding 100 tons register; and (b) hovercraft, of whatever size" (Customs and Excise Management Act 1979 s81(1)).</p>
small trades	<p>Incidental trading. Below a threshold it avoids tax.</p>
small value underlying subject matter	<p>Underlying subject matter in an option, future or similar financial instrument, but where the subject matter is excluded property of a small value and which may therefore be disregarded (Corporation Tax Act 2009 s590).</p>
small works contract	<p>Contract for building work of less than £150,000.</p>
smart card	<p>Plastic payment card that contains a chip which holds data.</p>
smart money	<p>Money paid by a person to buy exemption from a disagreeable duty.</p> <p>More recently the term has come to mean a wise investment.</p>
SME	<p>Small and Medium Enterprises - there is no definitive delineation between a small and medium sized business. As a general reference, small is often from 5 to 20 employees, medium from 20 up to 200.</p>
SME partnership condition	<p>In relation to corporation tax for corporate partners in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357WA(2).</p>

Smeed Report	Report published in 1964 into alternative methods of charging for road use.
smell test	Term used by Exchequer Secretary David Gauke MP in a speech on 23 July 2012 about artificial avoidance schemes. The relevant part of his speech is reproduced below: ~ <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"><p>Where the tax consequences of an arrangement are so clearly contrary to the intentions of Parliament, where the nature of the arrangement so clearly lacks a commercial, non-tax rationale and where the results looks “too good to be true”, most reputable advisers would say that the arrangements stink — and stay well clear.</p></div>
SMI	Support for Mortgage Interest.
Smith, Adam	Scottish philosopher (1723-1790) who developed theories of the political economy that are still widely quoted. His most popular work is <i>The Wealth of Nations</i> published in 1776 and subsequently reprinted with amendments.
Smith, Andrew	English Labour politician (1951-) who Secretary of State for Work and Pensions from 29 May 2002 to 8 September 2004.
Smith, Iain Duncan	Scottish-born Conservative politician (1954-) who has been Secretary of State for Work and Pensions since 12 May 2010 until 18 March 2016, when he resigned in protest at government policy. He was leader of the Conservative party from 13 September 2001 to 6 November 2003.
Smith, John	Scottish Labour politician (1938-1994) who was Shadow Chancellor from 13 July 1987 to 24 July 1992, when he became Leader of the Opposition.
Smith Report	Report published in November 2014 under the chairmanship of Lord Smith of Kelvin. It deals with how to give greater powers to Scotland. Chapter 3 deals with tax proposals.
smoke-farthing	Church tax imposed between 16 th and 19 th centuries. Everyone who owned a property with a chimney was

obliged to pay a farthing to the church or cathedral at Whitsun.

smokeless fuel

Alternative to **coal**.

A miner may receive free such fuel or an allowance in lieu of such fuel. The fuel or allowance is tax free under Income Tax (Earnings And Pensions) Act 2003 s306. A similar provision applies for former miners under ibid s646.

smokescreen

Any speech or other activity designed to conceal one's motives.

SMP

Statutory maternity pay.

smuggled goods

Keeping on premises is offence under Licensing Act 2003 s144.

smuggling

Importing goods without Customs clearance and without paying any Customs duties, excise or VAT.

Smuggling started in the reign of Edward I (late 13th century) when customs duties were first imposed, on wool. The Customs service was progressively given the task of preventing smuggling during the 17th and 18th centuries.

snake, the

Colloquial name for **European Monetary System**.

snatch-back

Any arrangement whereby a hirer or seller repossesses goods without the hirer's or buyer's consent.

Typically a car is snatched-back by using a spare key.

SNCCR

Small non-commercial consignment relief.

SNG

Syngas.

snooker

A snooker player may retire on a personal pension below the age of 50, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing documentation of the pension scheme by 10 December

2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

Snooker tables specifically excluded from the scope of **amusement machine licence duty**.

snowballing

Form of fraud in which one company finances another when both are under the control of the same person. The companies "trade" with each other recording profits that are high and fictitious. The technique was first used in 1898 by James Balfour MP. It is now much more difficult to operate under modern company law.

snow clearing machine

"A vehicle is an excepted vehicle when it is —

(a) being used, or

(b) going to or from the place where it is to be or has been used,

for the purpose of clearing snow from public roads by means of a snow plough or similar device (whether or not forming part of the vehicle)" (Hydrocarbon Oil Duties Act 1979 Sch 1 para 7).

Snowden, Philip

English politician (1864-1837) who was the first Labour party Chancellor of the Exchequer from 22 January 1924 to 3 November 1924, and again from 7 June 1929 to 5 November 1931 under the Labour and National governments of Ramsey Macdonald.

He reduced some taxes and tariffs, but did not introduce other promised socialist measures.

soap duty

Excise duty on soap charged between 1712 and 1853.

soap opera

Radio or television programme comprising frequently aired episodes of a running story line. The term comes from the fact that the original programmes were sponsored by soap and detergent companies to appeal to people cleaning their houses at the time. The first soap opera is regarded as *Painted Dreams* which first aired on Chicago radio in 1930.

SOCA

Serious Organised Crime Agency.

socage

Old form of land tenure.

social action With regard to negligence, “the court must have regard to whether the alleged negligence or breach of statutory duty occurred when the person was acting for the benefit of society or any of its members” (Social Action, Responsibility and Heroism Act 2015 s2).

social care In relation to crimes committed by a care worker, the term is defined in Criminal Justice and Courts Act 2015s20(6).

social care services “Means services that are provided in pursuance of the social services functions of local authorities (within the meaning of the Local Authority Social Services Act 1970) ” (National Health Service Act 2006 s14Z1(3) as inserted by Care and Social Health Act 2012 s26).

Social Democratic and Labour Party (SDLP)

Irish nationalist political party founded in 1970. It was the largest national party until 2001 when Sinn Féin became more popular.

Social Fund

Part of the social security system, largely designed to address need not otherwise covered.

Certain maternity expenses, funeral expenses and cold weather payments may be paid almost as of right. Other payments are discretionary. Most payments are in the form of repayable loans, though some grants may be made. Awards are cash-limited by region, so an otherwise good claim may be refused on the grounds that the fund is exhausted.

The main legislation is Social Security Contributions and Benefits Act 1992 s139.

From April 2013, the Social Fund is abolished and replaced by **locally administered assistance**.

social housing

Accommodation that is provided on the basis of need rather than price.

“Social housing is let at low rents on a secure basis to those who are most in need or struggling with their housing costs. Normally councils and not-for-profit organisations (such as housing associations) are the ones to provide social housing.” (Shelter website).

The policy for who qualifies is now made by local authorities under provisions of Localism Act 2011.

Provisions relating to annual tax on enveloped dwellings are given in Finance Act 2013 s150.

social investment	In relation to charities, the term is defined in Charities Act 2011 s292A as inserted by Charities (Protection and Social Investment) Act 2016 s15.
social lending	Organisation or group which borrows and lends money in a less formal way, often by websites such as Zopa . Such bodies usually still need a consumer credit licence.
social media	Websites that allow people to exchange news and views. Popular examples include Facebook, Linked In and Twitter. They can be used for commerce, including social shopping , and charity.
Social Mobility Commission	Body established by Child Poverty Act 2010 s8, and whose name was changed under Welfare Reform and Work Act 2016 s6).
social security	<p>Arrangements whereby the state makes payments to its citizens in need.</p> <p>For tax, payments that replace income are generally taxed as if they were income (Income Tax (Earnings And Pensions) Act 2003 s661). Payments that meet need are free of income tax (ibid s656).</p>
Social Security Advisory Committee	Body established under Social Security Administration Act 1992 s170.
social security benefits	<p>Benefits paid to claimants under social security legislation.</p> <p>Benefits may conveniently be classified as:</p> <ul style="list-style-type: none">• contributions-related (such as jobseeker's allowance and state retirement pension) where entitlement depends on sufficient national insurance having been paid;• non-contributory (such as anti-avoidance and state pensions for over-80s) where entitlement depends on meeting certain conditions; and• means-tested (such as tax credits and incapacity benefit) which depends on the claimant having

sufficiently low income.

social security contributions

Payments made by workers to fund **social security**. In the UK, this is the same as **national insurance contributions**.

social security fraud

Deliberately claiming social security benefits to which you are not entitled.

From a date to be announced, the penalties are made much more severe.

The minimum penalty is the greater of £350 or 50% of the sum overpaid.

If convicted of an offence, the claimant is sanctioned for 13 weeks. For a caution or acceptance of a penalty, the sanction is four weeks.

For a second offence within five years, the sanction is 26 weeks. For a third offence, the sanction is three years.

If there has been no deliberate fraud, but benefit was overpaid because incorrect information was provided for which there is no reasonable excuse, a civil penalty of £50 is payable.

social security functions

HMRC functions as set out in Finance Act 1989 s182(2A) in relation to disclosure of information.

social security income

Income from social security payments.

For income tax purposes, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s657.

social security lump sum

"A social security pension lump sum as defined in section 9 of the [Finance (No 2) Act 2005] Act" (PAYE regulations SI 2003 No 2682 reg 133A(1)).

The regulations from reg 133A explain how such a lump sum is taxed. These provisions apply from 6 April 2006.

social shopping

Shopping that is based on social media such as discussions on what clothes are fashionable or go well together.

social wage

Economic term for the value of publicly-funded facilities provided to each citizen at no direct cost. These include health services, emergency services, defence, parks and

libraries, police, education, roads and the suchlike.

Societas Europaea (SE)

Form of European company created under EU Council Regulation 2157/2001 article 8.

It may be registered in the UK when it becomes UK resident for corporation tax (Corporation Tax Act 2009 s16).

The tax provisions for a group that includes an SE are given in Corporation Tax Act 2009 s770.

Société à Responsabilité Limitée

French: limited company.

Society of Trust and Estate Practitioners (STEP)

Professional body for trust and estate practitioners.

STEP "is a unique professional body providing members with a local, national and international learning and business network focusing on the responsible stewardship of assets today and across the generations" (STEP website).

Full members use the designatory letters TEP.

SOCO

Scene of crime officer, in police.

Socratic method

Method of conducting an argument by questions and answers. The term is named after the Greek philosopher Socrates (c470-399 BC).

SOFA

Statement of financial activities.

soft commodity

Commodity which is not "hard". In practice this means any commodity which is not a metal, such as grain, pork bellies, cotton, wool and timber.

soft currency

Currency of a country which is economically weak. Such currency is often difficult to exchange for **hard currency**. Soft currency is rarely acceptable in international trade.

soft landing

Change in economic policy which does not have adverse consequences, either because the change is so managed or because provisions are made to mitigate any adverse consequences.

- soft loan** Loan given at no interest or at a low rate. Loans to employees are often soft loans. Such loans can trigger an income tax charge as explained for **beneficial loans**.
- soft touch** Colloquialism for a person who can easily be persuaded to part with their money.
- software**
- Definition*
Programs and similar which run computers, as distinct from **hardware** which is the tangible equipment on which software runs.
- Capital allowance*
If bought outright, software can qualify for a capital allowance as **plant**. From 10 March 1992 this includes downloaded software.
(Capital Allowances Act 2001 from s71).
- Customs duty*
As Customs duty is charged on goods and not on services, there is no duty on software alone. Where software is incorporated in a tangible product, such as CD or memory stick, the position generally is that no duty is usually payable on either the software or the medium on which it is held if the software was written for the client. Duty is generally payable on tangible products containing standard software.
- Accounting*
“Software development costs that are directly attributable to bringing a computer system or other computer-operated machinery into working condition for its intended use within the business are treated as part of the cost of the related hardware rather than as a separate intangible asset” (FRS 10 para 2).
- sol** Currency of Peru, more correctly called the new sol.
- solar panel** A device fitted to a roof or similar place which can convert sunlight into electricity.
When fitted to a residential or charitable building, it may qualify for the reduced rate of VAT under Value Added Tax 1994 Sch 7A Group 2.
This is a form of **microgeneration** for which there

are various tax reliefs.

solar shading

For capital allowance purposes, is treated as an **integral feature**, which means that it is included in the **special rate pool** and is subject to capital allowance at 10% on the writing down basis, and not the usual 20% for plant and machinery (Capital Allowances Act 2001 s33A).

soldier's friend

Old term for someone who represents a soldier before an army pension board.

sold loose

Term used by retailers for items which are not pre-packaged but where the customer selects the quantity, such as fresh fruit and vegetables which are traditionally sold by weight.

Such items must be capable of ready identification by the check-out staff, who can weigh the item and enter an appropriate code to determine the price.

sole enterprise personal assets (SEPA)

Proposed trading vehicle intended to protect the assets of a sole trader while not requiring his or her to incorporate as a limited company or limited liability partnership. It was suggested by the Office of Tax Simplification in a publication of February 2016.

sole trader

Simplest form of trading entity, comprising an individual who starts trading with no formalities at all other than registering the business with HMRC for income tax purposes.

soliciting

"It shall be an offence for a person aged 18 or over (whether male or female) persistently to loiter or solicit in a street or public place for the purpose of prostitution" (Street Offences Act 1959 s1(1)).

solicitor

Lawyers who deal directly with clients and generally instruct **barristers** (or **advocates** in Scotland) to represent them in court. The UK is one of the few remaining jurisdictions which has this split in the legal profession.

Solicitors' work is traditionally divided into **contentious** and **non-contentious**. The former involves litigation; the latter such matters as preparing wills and conveyancing property.

A solicitor may be admitted or enrolled to have **right of audience** in the lower courts. A **Solicitor Advocate** has right of audience in the higher courts also.

Solicitors in practice are licensed by the **Law Society**.

For criminal work, a solicitor is "a type of lawyer who is trained to give advice and prepare cases and can defend (or represent) people in magistrates' courts" (website of Crown Prosecution Service).

Solicitor Advocate **Solicitor** who has acquired the same rights of audience in the higher courts as a **barrister**.

Solicitors Regulation Authority (SRA)

Body launched on 29 January 2007 to regulate **solicitors**.

It was previously the Law Society Regulation Board. The change of name reflects its greater independence.

solid fossil fuels

Coal, petroleum coke, lignite, coke, and semi-coke of coal or lignite. The **carbon price support** rate of climate change levy is payable when these are used to produce electricity.

solid fuel

For VAT, solid fuels may be reduced rated under Value Added Tax Act 1994 Sch 7A Group 1 when supplied for domestic use. Further details are given in VAT notice 701/19.

Solomon Islands

Island country in Pacific Ocean. Its currency is the Solomon Islands dollar of 100 cents. The UK has a double taxation arrangement of 1950 as amended by an arrangement of 1974.

Solomon Islands dollar

Currency of Solomon Islands.

Solstice

Day when daytime and night-time are equal. In Britain this is 22 June and 22 December.

solus account

Term sometimes used to mean accounts of an entity rather than one that pertains to its client.

There is a restriction in an entity hedging certain **foreign exchange** in a solus account, are discussed in the Inspectors' Manual at BIM39522.

solvency	Ability to pay debts as they fall due.
solvency statement	Statement made by the directors giving their opinion that the company is solvent. Such a statement may be required for a reduction in share capital under Companies Act 2006 s643.
solvent	Able to pay debts as they fall due.
Solvent Yellow 124	Yellow dye used in all EU states to indicate road fuel on which hydrocarbon oil duty has not been paid.
solving problems	One of the three traditional functions of management. The other two are directing attention and keeping the score.
solvit ad diem	Latin: paid on the day. It is a defence to a claim that a bond, bill or similar was not paid when due.
solvitur ambulando	Latin: the question is resolved by action.
solvitur in modum solventis	Latin: money paid is to be applied according to the wish of the person paying it.
som	Currency of Kyrgyzstan.
Somalia	West African country. Its currency is the Somali shilling of 100 cents, though other currencies are also widely used. The UK has no double taxation treaty.
Somali shilling	Currency of Somalia.
Somerset House	Large building in London by Waterloo Bridge. It was erected between 1776 and 1786 as a public building to house various public offices including tax offices. HMRC still uses part of the building.
somoni	Currency of Tajkistan.
son's or daughter's services allowance	Additional tax allowance available before 6 April 1988 when a taxpayer was dependant on a son or daughter.

Before 1978, it could only be claimed for a daughter.

SOR

Sale or return.

SORIE

Statement of recognised income and expenditure.

sorner

Old term for a person who lives off another; a sponger. The term comes from an old Scottish practice whereby a chieftain expected to be provided with free accommodation when he decided to revel with his tenants.

SORP

Statement of recommended practice; a statement which bodies in particular areas are expected to follow when preparing accounts. The term is defined in FRS 18 para 6.

sort code

Any code which is used to help sort data, particularly the sort code allocated to bank branches. This appears as three pairs of digits in the form 12-34-56. Since 1991, the allocation of numbers has been overseen by the British Bankers Association.

The first pair of digits identifies the bank, starting with 01 for some National Westminster branches. Scottish banks are given numbers in the 80s, and Irish banks in the 90s.

SOS

ISO code for Somalian shilling.

sound insulation

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

sound recording

Corporation tax provisions are given in Corporation Tax Act 2009 from s150.

“Sound recording does not include a film soundtrack” (ibid s152(1)(a)).

Such expenditure is excluded from a degrouping charge under Corporation Tax Act 2009 s811.

Income tax provisions are set out in Income Tax (Trading and Other Income) Act 2005 from s130.

source	In accounting, where money comes from. The main sources are capital, sales, borrowings, insurance claims and similar.
source and application of funds statement	Cashflow statement in a business's published accounts which states where funds came from and how they have been used. Unlike the profit and loss account and balance sheet, this statement is factual with no subjective element of opinion.
source doctrine	Tax principle that income is taxed according to its source. The principle is explained in the Inspectors' Manual at BIM14065.
source document	Document which records details of a financial transaction, from which the prime books of account are kept. Source documents include invoices, remittance advices, payment advices, expense claims and petty cash vouchers.
source of mineral deposits	"Includes a mine, an oil well and a source of geothermal energy" (Capital Allowances Act 2001 s394(5)).
South Africa	African country. Its currency is the rand of 100 cents. The UK has a double taxation convention of 2002 and a protocol of 2010. It also has a double taxation agreement of 2002 amended by a protocol of 2010.
South Eastern Region	For purposes such as national insurance holiday , "means — (a) the counties of Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex, and (b) the non-metropolitan districts of Bracknell Forest, Brighton and Hove, Medway, Milton Keynes, Portsmouth, Reading, Slough, Southampton, West Berkshire, Windsor and Maidenhead [,] and Wokingham" (National Insurance Contributions Act 2011 ss11(1)).
South Georgia	UK Overseas Territory administered from the Falkland Islands. It uses UK currency.

South Sudan	African country that gained independence from Sudan in 2011. Its currency is the South Sudanese pound of 100 piastres. The UK has no double taxation treaty.
sov	Sovereign.
sovereign	<p>Coin</p> <p>Gold coin which remains legal tender for £1, though it has been replaced in everyday use by notes and other coins since 1914. It is now used as a bullion coin valued according to the price of gold.</p> <p>Sovereigns were first minted in 1489, but only those minted since 1838 remain legal tender.</p> <p>The VAT position is explained under gold coin.</p> <p>An unsuccessful attempt to use sovereigns for income tax avoidance was made in <i>Jenkins v Horn [1979]</i>.</p> <p>Monarch</p> <p>The office of monarch. The moment a monarch dies, the next in line succeeds to the throne. Under Interpretation Act 1978 s10, references to the sovereign mean whoever is the monarch unless the Act specifically states otherwise.</p>
Sovereign Grant	State funding for the monarch and royal family from 2013. It replaces the previous Civil List under provisions of Sovereign Grant Act 2011.
sovereign repo liability	For the bank levy, this term is defined in Finance Act 2011 Sch 19 para 31(2).
SP	<p>(1) Statement of practice.</p> <p>(2) In relation to corporation tax surcharge on banks, part of a formula quoted in Taxation (International and Other Provisions) Act 2010 s371BI(2).</p>
S & P 500	American share price index produced by Standard & Poor's reflecting the value of 500 largest US companies. It was started in 1957. It is the second most popular US share index after Dow Jones .
S & P Global 100	World share price index produced by Standard & Poor's taking the share prices of the 100 largest multi-national companies.

SPA	State pension age.
spA	Societa per Azione. Italian: limited company.
Spaak Report	Report published in 1956 by a committee led by Paul-Henri Spaak. It led to the Treaty of Rome and the eventual formation of the European Union.
space heater	For capital allowances, this may qualify as a feature integral to a building (Capital Allowances Act 2001 s33A).
spade guinea	English gold coin minted between 1787 and 1799 where the crest on the reverse was spade-shaped.
Spain	European country that is a member state of the European Union. The state includes the Balearic Islands, but excludes the Canary Islands, Ceuta and Melilla. Its currency is the euro of 100 cents, before which it was the peseta. The UK has a double taxation convention of 2013.
sparkling	Description of wine which is fizzy, or the process for achieving this. Provisions about rendering wine sparkling are set out in Alcoholic Liquor Duties Act 1979 s59. Cider is sparkling "if, due to the presence of carbon dioxide, the pressure in the bottle, measured at a temperature of 20 degrees C, is not less than 3 bars in excess of atmospheric pressure" (Alcoholic Liquor Duties Act 1979 s62A(2)). The definition also includes cider with a mushroom-shaped stopper, and cider with other similar characteristics.
sparkling wine	Wine which is carbonated or fizzy, such as Champagne. All wine is subject to alcoholic liquor duty . Sparkling wine is subject to a higher rate if its alcoholic strength is above 5.5%.
SPC	(1) Reference for published decisions of the Special Commissioners . The reference is sometimes given in the form SpC . These decisions have been published from January 1995 to March 2009, when they were superseded by the

TC decisions from tax tribunals. Decisions from April 2003 to March 2009 (numbers 362 to 738) are available on the tax tribunals **website**.

These decisions set a **persuasive precedent** rather than a binding precedent.

(2) **Supplementary protection certificate.**

(3) Single person company.

SpC	Special Commissioners' decisions.
SPD	Supplementary petroleum duty.
speakeasy	Private club that sells illegal liquor, particularly during prohibition in the USA between 1920 and 1933. They are also known as blind pigs or blind tigers.
SPE	Special purpose entity.
special administrative region	"The Hong Kong or the Macao Special Administrative Region of the People's Republic of China" (Income and Corporation Taxes Act 1988 Sch 25 para 5(4)).
special adviser	Person who is personally chosen by a politician to provide advice, and who becomes a civil servant. The term is fully defined in Constitutional Reform and Governance Act 2010 s15.
special advisers code	Code of conduct for special advisers to politicians (Constitutional Reform and Governance Act 2010 s8).
special agent	Person who has been given authority to act as agent for another person for one specific transaction.
Special Areas	Term used in Special Areas Act 1931 to mitigate the worst of the economic crisis. The areas were South Wales, Tyneside, West Cumberland and Scotland. This provided funding for public works.
special auditor's report	In company law, a statement from a company's auditors that the company may submit abbreviated accounts (Companies Act 2006 s449). This report must be submitted with the abbreviated accounts.

special codes	<p>Tax codes other than those in the form of number + letter, or a K code.</p> <p>The special codes are BR, D0, D1, NT, emergency code and emergency 1B codes.</p> <p>A full definition is given in PAYE Regulations SI 2003 No 2682 reg 7(3).</p>
Special Commissioners	<p>Appeal Commissioners (now abolished) who are legally trained to hear tax appeals. The other type of Commissioners were General Commissioners. They are both replaced by tribunals from April 2009.</p> <p>Since March 1995, Special Commissioners' decisions are made public. They are usually indicated by a reference such as "SpC 419" or similar.</p>
Special Commissioners Regulations	<p>Special Commissioners (Jurisdiction and Procedure) Regulations 1994.</p>
special contribution	<p>A capital levy charged between 1947 and 1948 on investment income over £250 at rates graduated from two to ten shillings in the pound.</p>
special crossing	<p>Crossing on a cheque with a place or name of bank indicated. Such a cheque may only be cashed at that place or bank. Special crossings are now rare.</p> <p>"Where a cheque bears across its face an addition of the name of a banker, either with or without the words 'not negotiable'" (Bills of Exchange Act 1882 s76(2)).</p>
special cumulation	<p>An imaginary total used in calculating the ten-yearly charge on certain trusts for inheritance tax purposes. The figure is the total of:</p> <ul style="list-style-type: none">• the total of the settlor's chargeable transfers in the seven years before the commencement of the settlement; and• the amounts on which the exit charge has been imposed in the previous ten years.
special deposit	<p>Large sum of money which may be deposited with the Bank of England.</p>
special destination	<p>Provision under Scots law whereby a person does not inherit properly jointly held with a former husband and</p>

wife who dies (Family Law (Scotland) Act 2006 s19).

special discount

In retail, a discount which is offered to promote a product, such as **buy one get one free**, or the cheapest of three items is free. An **EPOS** system must have special software to cope with such offers.

special drawing rights (SDR)

The equivalent of a currency used by the **International Monetary Fund (IMF)**. It has the **ISO code** of XDR.

The SDR is defined as basket of currencies which is periodically revised. For the period 2006-2010, it comprises 44% US dollar, 34% euro, 11% Japanese yen, and 11% British pound sterling.

SDR was developed to replace gold as a unit of international transactions. For this reason SDR has sometimes been called **paper gold**. SDR are credits which nations may draw on as required. In reality it exists only as ledger entries.

The SDR has lesser uses in that financial instruments are denominated in SDRs and some countries have pegged their currencies against the value of the SDR. Some international prices are denominated in SDRs.

special educational needs (SEN)

Requirements of a child beyond those of a normal education. They are given in Education Act 1996 Part 4 Chapter 1.

special enactment

Act of Parliament which specifically amends a company's constitution (Companies Act 2006 s34(4)). A company is required to notify Companies House of such an enactment.

special guardian

Person so appointed under Children Act 1989 s14A.

special guardianship order

Court order that sanctions children being looked after by relatives when removed because of suspected abuse.

specialia generalibus derogant

Latin: special words derogate from general ones.

special indorsement

When a **bill of exchange** has been **indorsed** to a specified person (Bills of Exchange Act 1882 s34(2)).

Specialist Personal Tax Senior Management Board

Part of HMRC. Its function is set out in HMRC Notice of 20 December 2013.

specialist printing equipment Equipment that may be used to produce a counterfeit banknote or a forged document such as a passport. It is an offence to provide such equipment without authority under Specialist Printing Equipment and Materials (Offences) Act 2015 s2, which defines such equipment.

special leasing

Leasing other than as part of a business.

The tax provisions are set out in Capital Allowances Act 2001 s19. Special leasing of plant and machinery is set out in Capital Allowances Act 2001 from s258.

The matter is further explained in statement of practice SP 3/91.

special licence

Amusement machine licence duty

One of the three types of licence for this duty. (The other two are the **premises-based licence** and the **bulk licence**.)

This is issued for periods of 12 months for each gaming machine that offers prize of up to £10, provided that there at least ten such machines on the premises.

Marriage

Licence that may be issued by the Archbishop of Canterbury under Canon B34 to allow a person to marry in the Church of England without having banns called.

Special Liquidity Scheme

Government-backed scheme introduced in April 2008 by the Bank of England "to expand the collateral to high-quality **mortgage-backed securities** that banks could use to give to the Bank of England in return for sterling. Previously the banks could use government bonds only as collateral" (Beyond the Crash, by Gordon Brown MP, published by Simon & Schuster).

special lump sum death benefits charge

"A charge to income tax, to be known as the special lump sum death benefits charge, arises when —

- (a) a pension protection lump sum death benefit,
- (b) an annuity protection lump sum death benefit,
- (c) a drawdown pension fund lump sum death benefit, or

(d) a flexi-access drawdown fund lump sum death benefit,
is paid by a registered pension scheme in respect of a member who had reached the age of 75 at the date of the member's death"
(Finance Act 2004 s206(1)).
The charge is 45% (Finance Act 2004 s206(4)).
The term is also used in Finance Act 2004 s206.

special method

For **partial exemption** for VAT, a method for working out how much residual input tax a business can reclaim if the standard method does not produce a fair and reasonable result. HMRC must provide approval to use a special method.

special mixed funds rules

The rules that allow employees who do some work overseas to use a simpler system than the normal mixed fund rules. The special mixed fund rules are set out in Income Tax Act 2007 ss809RA to 809RD. They put statement of practice SP1/09 on to a statutory basis.
Guidance on these rules was given by HMRC in Notice 27 of 27 June 2013.

special offer

Temporary price reduction or similar (such as 3 for the price of 2) designed to increase sales.

special presentation

A service to inform a customer paying in a cheque that the payer's bank will make the payment. This does not reduce the time taken for the cheque to clear - this will still take three working days.

special purpose companies

"Where the operations of a business are capable of being dividend among several companies, each undertaking a particular project. As each project or contract comes to an end, the company is liquidated and the profits and gains of that project are realised in a capital rather than income form" (HMRC consultation paper on company distributions, 9 December 2015).

special purpose entity (SPE)

Another name for a **special purpose vehicle**.
The accounting treatment is set out in FRS 102 sections 9.10-9.12.

special purpose financial report

One of three types of **financial report** identified by **Statement of Principles for Financial Reporting**.

A special purpose financial report is prepared by the entity itself in a form specified for the purpose. Examples include regulatory reports, tax computations and reports for banks.

special purpose vehicle (SPV)

A company, trust or other body set up solely for a particular financial transaction.

The main uses of an SPV are:

- to take a financial transaction offshore,
- for risky procedures such as securitisations or catastrophe bonds,
- to remove assets or liabilities from the balance sheet.

Typically the owner is not the company that creates it, but a third party. Its stated objective will usually be a charitable purpose.

SPVs were widely used by Enron before it collapsed. The accounting rules for SPVs have since been tightened up.

special rate

In relation to capital allowance, means the lower rate for plant and machinery. This is 8% from April 2012, and 10% previously.

special rate expenditure

Expenditure on assets that qualify for the 10% rate (8% from April 2012) of capital allowance for plant and machinery (Capital Allowances Act 2001 s104D).

special rate pool

In tax, the written-down value of long-life assets from April 2008. The term is defined in Capital Allowances Act 2001 s104C.

In April 2008, the system for capital allowances changed. Before 1 April 2008, most plant and machinery was written down at an annual rate of 25% a year on the reducing balance method, except for long-life assets which were written down at 6%. Plant and machinery was recorded in a pool which did not distinguish between assets, whereas long-life assets were written down separately.

The system of capital allowances introduced from 1 April 2008, broadly replaces the 25% and 6% rates with

20% and 10% respectively, and allows long-life assets to be put into their own pool. This is called the special rate pool to distinguish it from the pool which is written down at 20%.

From April 2012, the rates are further reduced to 18% and 8%.

special rates for trustees' income

Special rates of income tax that apply to trustees' income. The provisions are set out in Income Tax Act 2007 from s479.

special register

Term used in Companies Act 2006 s893 for a register additional to the **register of charges**, which has **information-sharing arrangements**.

special register body

Organisation similar to a trade union set up before 16 September 1974 under Industrial Relations Act 1971. Some transitional provisions apply under Trade Union and Labour Relations (Consolidation) Act 1992 s117.

special relief

Relief introduced from 1 April 2011 to allow an excessive assessment or determination to be displaced when the normal time limit has expired. It replaces **equitable liability** that applied previously.

special repayment rate

Rate of interest that may be applied to a tax judgment debt under Finance (No 2) Act 2015 s52. It is two percentage points above the base rate.

special resolution

In company law, a decision of shareholders which requires at least 75% of them to vote in favour (Companies Act 2006 s283(1)).

special seal

A **trader seal** that HMRC may allow a trader to use as a replacement for an official Customs seal. Details are given in Customs notice 205.

special subsidy

In tax, a special charge initially made in 1473 on goods and chattels, but which could be extended to freehold land. This tax was never properly collected.

special tax credit	Provision that relates to aggregates levy in Northern Ireland (Finance Act 2001 s30B).
Special Territories	<p>Countries or areas that are effectively part of the customs territory of the EU but not part of the fiscal (excise duty and VAT) territory. Goods imported from these territories are liable to VAT and excise duty (if appropriate) unless they are eligible for a relief. These territories are: the Åland Islands; the Canary Islands; the Channel Islands; French Guiana; Guadeloupe; Martinique; Mount Athos and Reunion.</p> <p>Andorra has a union with the EC for goods in chapter 25 to 97 of the Tariff only.</p>
special trust	For charities, property that is held for specific property (Charities Act 2011 s287).
special trust rates	Another term for rate applicable to trusts (RAT) .
special verdict	<p>Verdict that a person committed a criminal offence but was insane at the time (Trial of Lunatics Act 1883 s2).</p> <p>Acquittals on the ground of insanity may be made under Criminal Procedure (Insanity and Unfitness to Plead) Act 1991 s1. Procedures are governed by Criminal Procedure (Insanity) Act 1964 s5.</p>
special warranty	Undertaking or assurance provided by a guarantor under a contract.
specie	Money in the form of coins.
specific bequest	Bequest of a specific item of property other than land, made in a will. An example is leaving a grandfather clock to a named grandson.
specific devise	In executorship, a specific piece of land which is left to someone in the will. Note that the second word is spelled with an S.
specific duty	Duty based on a unit quantity (for example litre or kilogram) of the imported goods.
specific employment income	Tax term for any amount which counts as employment income excluding exempt income. In practice, this relates

to certain notional charges to income tax which arise on ownership of the employer's shares.

specific grant

Payment from the Government to cover local-authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

specific gravity

Ratio of weight of liquid to the same quantity of water, which has a specific gravity of 1000. For example, beer duty was charged for a specific gravity between 1016 and 1030 with additional duty for each degree above.

Before 1 June 1993, the excise duty on beer was calculated according to its specific gravity. Customs notice 226 explains how specific gravity, now known as **present gravity**, may still be used for this purpose in some circumstances.

specific identification

Inventory method where each sale is matched directly to its purchase. Such a method is only used for large-value items or low-volume sales.

specific legacy

When a specific item of property is left to someone in a will.

specific purpose financial statements

Documents containing accounting information which is prepared for a particular purpose and is not normally available to a wider audience.

specified accommodation

Term used in relation to claims for universal credit. It basically comprises:

- accommodation provided by a housing association, charity or local council where care or supervision is needed, and
- temporary accommodation for people escaping domestic violence.

It is one of the Gateway conditions.

specified disclosure obligations

Disclosure requirements relating to **insider trading**.

They are listed in Proceeds of Crime Act 2002 Sch 9 para 1(6).

specified percentage Figure used in the calculation of the **default surcharge** for VAT.

The term is defined in Value Added Tax 1994 s59(5).

specified steps Provisions that must be made with regard to a historic building, work of art, scientific collection or similar as a condition of its being a **conditionally exempt transfer** for inheritance tax.

The steps must be adequate to ensure the maintenance, repair, preservation of and public access to the asset (Inheritance Tax Act 1984 s31(4A)).

specified supplies Supplies specified by Treasury Order which are not **taxable supplies**, but which carry the right to recover input tax incurred in making them.

specified transfer Transfers which, if sufficiently large, mean that an estate must be reported for inheritance tax purposes and cannot be an **excepted estate**. This is one of four limits that must be met for an excepted estate.

The limit (introduced on 6 April 1996) is:

For deaths from	Amount
6 April 2004	£150,000
6 April 2002	£100,000
6 April 2000	£75,000
6 April 1996	£50,000

A specified transfer is a transfer made in the seven years before death of cash and quoted shares or securities. If the disposal was made to the same person at the same time, it also includes an interest in land and chattels.

specimen charges Criminal charges that represent a large number of offences. If a person has committed 1,000 similar tax offences, he or she is likely to be charged only with a few specimen charges.

speculative cost Any cost incurred without knowing whether it will lead to a **return**. If the cost does not lead to a return, it is known as an **abortive cost**.

For VAT, these terms are specifically used to mean

the cost of finding sites for possible building development. A speculative cost is regarded as a genuine business expense on which **input tax** may be reclaimed. If a developer later decides to proceed with an aborted scheme, it may be necessary to apportion the **abortive cost** between business and non-business use and disallow the latter.

speculator

Person who invests money, particularly where both the risk and desired return are high.

speedway rider

A speedway rider may retire on a personal pension at the age of 40, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing

documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

Speenhamland

System of outdoor poor relief pioneered by magistrates in this Berkshire town in 1795 and which was widely used elsewhere.

spending envelope

"The overall level of public spending. This is set out as part of the Budget and allocated to pay for all areas of Government activity as part of the Spending Review" (HM Treasury glossary).

Spending Review

Process that "[sets] firm and fixed multi-year budgets for government departments. They outline the improvements that the public can expect from government spending" (HM Treasury glossary).

sperm donor

Under **HFEA** directions, a donor may not be paid for donating sperm but may have reasonable expenses refunded. These include travel expenses and childcare. Further details are given in HFEA Code of Practice para 13.

spes successionis

Latin: hope of succession.

The term often refers to the next of kin of a person believed not to have made a will.

SPF	Significant people function.
spgr	Specific gravity.
SPI	Survey of Personal Incomes, a government publication.
SPIC	Simplified Procedure for Import Clearance, a simplified procedure for Customs clearance of imported goods of a value not exceeding £600. This procedure was withdrawn on 1 October 2003.
SPICe	Scottish Parliament Information Service.
spiff	Colloquialism for a large commission paid to a shopworker for selling an item regarded as unsellable.
spinner device	<p>Any device fitted to a car to enable a disabled person to turn the steering wheel. It can be as simple as fixing a knob to the wheel.</p> <p>The presence of such a device is sufficient to justify the zero-rating of a vehicle as for the disabled under Value Added Tax 1994 Sch 8 Group 12 Item 2A.</p> <p>This was held in the case <i>Dennis George Bunning and Christina Denise Bunning. TC 1730 [2012]</i>. This case also held that the restrictions quoted by HMRC in VAT notice 701/59 were stricter than the law allowed.</p>
spinster	<p>Woman who has never married. Her marital status is therefore single.</p> <p>The male equivalent is bachelor.</p>
spiral binding	The use of spiral binding can determine whether a product comes within the scope of a VAT zero-rated book. An example is in the case <i>Harrier LLC. TC 1562 [2011]</i> .
Spirit Drinks Verification Scheme (SDVS)	<p>“Measure designed to safeguard the reputation and authenticity of UK produced spirit drinks with a geographical index (GI)” (HMRC website).</p> <p>The Scheme implements EU regulation 110/2008. It</p>

started on 10 January 2014.

HMRC devised and administered the scheme, but it is enforced by food authorities and port health authorities.

spirit production premises

Whisky distillery, or other premises where potable spirits are produced. Guidance is given in Customs notice 39.

spirits

Any alcoholic drink whose production involves **distillation**. Common spirits include whisky, gin, rum, vodka and brandy. The term also applies to mixtures which include these drinks, such as **alco-pops**.

It must either have a strength exceeding 1.2% or be combined with such liquor of such strength (Alcoholic Liquor Duties Act 1979 s1(2)). There are exceptions for methylated spirits, angostura bitters, methyl alcohol and other liquids as defined by Treasury order.

Spirits are subject to the excise duty on **alcoholic liquor** at the highest rates. From 1 January 1980 duty is calculated as so much per litre according to the alcoholic strength.

From 1 April 2006 all spirits must display a **duty stamp**.

Spirits duty was introduced in 17th century.

spirits of wine

"Means plain spirits of a strength not less than 80% manufactured in the United Kingdom" (Alcoholic Liquor Duties Act 1979 s4(1)).

spirits receiver

Part of the still in which **spirits** are distilled.

Customs notice 39 states that, unless the receiver is approved as a warehouse vat, remnants in a spirit receiver must be collected and removed before any newly produced spirits are put in.

spiritual welfare

A form of **welfare services** that may be zero-rated. Details are provided in VAT leaflet 701/2.

spiv

Originally a shady character who lives by his wits without working. This meaning dates from 1890.

In the second world war, the term came to mean someone who could obtain goods otherwise rationed or unavailable.

SPL	ISO code for Seborga luigino.
split approval	Situation where a retirement benefit scheme had only part approved under Income and Corporation Taxes Act 1988 s611. Under current tax law, only the approved part is now regarded as a registered pension scheme.
split commission	Commission which is divided between two or more people.
split-level trust	Unit trust where the shares do not attract both capital growth and income. These elements are sold separately as capital shares and income shares respectively.
split payment	<p>Payment which is made in more than one instalment or by more than one instrument.</p> <p>The term is also used as one of alternative payment arrangements for universal credit. Split payment allows a payment of universal credit for a couple to be split with each partner receiving a share. Such an arrangement is reserved for exceptional cases, such as where there is domestic violence or the partner receiving the benefit is not managing the finances properly.</p>
split scheme	<p>For payroll, arrangement whereby the payroll is run in two or more parts and where it is impossible or impractical for those parts to be consolidated for the purposes of PAYE reporting under real time information.</p> <p>There are special provisions to cope with such schemes.</p>
splitting of supplies	<p>Practice of making a single supply into two supplies, so one benefits from a more favourable treatment for VAT. A common example is providing a zero-rated book separately from an exempt supply of education.</p> <p>From 19 July 2011, such splitting is ineffective under Value Added Tax Act 1994 Sch 8 Part 2 Notes (2) and (3) as added by Finance Act 2011 s75.</p>
split-year treatment	<p>Arrangements by which UK residence or non-residence is determined for a taxpayer in which he leaves or arrives in the UK.</p> <p>This was largely addressed in extra-statutory</p>

concessions A11, A78 and D2. It is subsumed into the **statutory residence test** from April 2012.

spm	Strokes per minute, typing speed.
SPOC	Single point of contact.
spoiled stamp	For stamp duty, a provision that allows repayment when the document fails to achieve its purpose. The procedure is given in Stamp Duties Management Act 1891 s9.
spoilt beer	Beer which “has become spoilt or otherwise unfit for use” (Alcoholic Liquor Duties Act 1979 s46). Such beer may have its beer duty remitted or repaid.
spoilt cider	Cider which “has accidentally become spoilt or otherwise unfit for use and... has been returned to the maker” (Alcoholic Liquor Duties Act 1979 s64(1)). Cider duty may be remitted or repaid on spoilt cider.
spoilt wine	Wine or made-wine which “has accidentally become spoilt or otherwise unfit for use and... has been returned to the producer” (Alcoholic Liquor Duties Act 1979 s61(1)). Wine duty may be remitted or repaid on spoilt wine.
spondulicks	Slang term for money. The word has alternative spellings.
sponge	To live off someone else. The allusion is to a sponge soaking water.
sponging house	Place where debtors were held for 24 hours before being sent to prison.
sponsored walk	Walk organised by a charity to raise funds. For VAT purposes, the funds raised are outside the scope of VAT unless the participant receives a benefit. VAT notice 701/1 states that HMRC does not regard any of the following as providing a benefit: <ul style="list-style-type: none">• free training and health advice,• free T-shirt, running vest or similar that identifies the charity,• free massages and support for physical well-being,

- free pre-event meeting, which may include free professional advice and support, a simple meal, energy drinks and encouragement,
- free post-event meeting, which may include medical treatment or advice, changing facilities, light refreshments and an opportunity for the charity to thank participants,
- a reasonable prize for top fund-raisers.

Any entry fee or participation fee payable by participants is a standard-rated supply.

These provisions apply to similar sponsored events.

sponsoring employer

In relation to an occupational pension scheme means the employer, or any of the employers, to or in respect of any or all of whose employees the pension scheme has, or is capable of having, effect as to provide benefits.

The term is defined in Finance Act 2004 s150(6) and in the Inspectors' Manual at RPSM02200040.

sponsorship

A commercial arrangement whereby a business provides funds in return for receiving a perceived benefit. The benefit is usually either marketing or reputation enhancement.

The extent to which this is a tax-deductible expense is discussed in the Inspectors' Manual at BIM 42555. HMRC will always check to see that the sponsorship of a small business is not just a cover for a director to indulge a personal interest.

The allowability of entertainment at sponsored events is discussed at BIM 45055.

When used in relation to sponsoring a charity, it should be remembered that the arrangement is commercial and not altruistic. The sponsor is paying to buy a benefit, and is not making a charitable donation.

The word is also used for agreeing to pay a sum to someone undertaking an activity to raise funds, such as agreeing to pay someone £10 if they run a marathon.

spoofing

In investment, the practice of placing phantom orders to buy or sell a large quantity of shares or other securities to move the price up or down.

sport

The advancement of amateur sport is an object for which a charity may be formed.

Sport “means sports or games which promote health by involving physical or mental skill or exertion” (Charities Act 2011 s3(2)(d)),

The Charity Commission has held that bridge meets this definition but that gun clubs do not.

sports drinks

For VAT, these are generally zero-rated as food, though there are exceptions as set out in VAT leaflet 701/14.

The exception, which is standard-rated, is “sports drinks that are advertised or marketed as products designed to enhance physical performance, accelerate recovery after exercise or build bulk, and other similar drinks, including (in either case) syrups, concentrates, essences, powders, crystals or other products for the preparation of such drinks” (Value Added Tax 1994 Sch 8 Group 1 Note 4A as inserted by Finance Act 2012 s196 and Sch 26 para 2(2) with effect from 1 October 2012).

sports facilities

When such facilities are provided by an employer, they may be exempt from tax under Income Tax (Earnings And Pensions) Act 2003 s261.

sports grounds

Safety at such grounds may qualify for a capital allowance (Capital Allowances Act 2001 from s30).

Sports Ground Safety Authority

Body established under Sports Ground Safety Authority Act 2011 as a successor to the Football Licensing Authority.

sports league

For VAT, such services are generally standard-rated, as explained in HMRC Brief 4/11. The leagues are not providing an exempt supply of land use.

sports pavilion

A sports pavilion provided for staff could qualify for industrial buildings allowance under Capital Allowances Act 2001 s275. This allowance was phased out by 2011.

sportsman

Provisions relating to a visiting sportsman are given in Income Tax (Trading And Other Income) Act 2005s13.

sports testimonial

Sports event, concert or other fund-raising activity for the benefit of a person, such as on their retirement. As such money is considered to be a personal gift, and so does

not attract tax, following the decision in *Reed v Seymour [1927]*. If the person has a contractual right to the testimonial, it is taxed as employment income.

Such testimonials are taxed from 6 April 2017 on the amount by which they exceed £50,000, provided the testimonial was awarded after 24 November 2015.

sportswoman

Female **sportsman**.

spot cash

Cash paid immediately for a sale.

spot check

Check made at random without notice.

Spotlight

Term used by HMRC to indicate a tax planning scheme being investigated. Spotlight 1, for example, relates to goodwill acquired by companies from businesses that traded before 1 April 2002.

Spotlights also provide **hallmarks** of tax planning of which taxpayers should be wary.

spot market

Another name for **cash market**.

spot price

Price for buying something and paying in cash immediately.

spot-the-ball

Competition where participants must guess the location of a football in a photograph.

If the competition is to identify the actual position of the football before the photograph was edited, this is **pool betting** subject to **pool betting duty**. It is not pool betting if the answer is to be decided by a panel of judges (Customs notice 147).

spousal exemption

Exemption from inheritance tax when someone inherits from a spouse or civil partner.

spouse

Husband or wife in **marriage**. Although the term does not include **civil partner**, in practice all tax provisions relating to spouses relate to civil partners also.

There are many tax provisions that relate specifically to spouses, including:

- transfers between them are exempt from inheritance tax;
- transfers between them are treated as being

for no gain or loss for capital gains tax

- they are **associated persons** for many tax avoidance provisions
- older couples may qualify for **married couple's allowance** for income tax.

spouse or civil partner

In relation to inheritance tax on an initial interest of settlor or spouse or civil partner, this term is defined to include the widow, widower or surviving civil partner of a settlor (Inheritance Tax Act 1984 s80(2)).

SPR

Small profits rate, of corporation tax.

spread

Difference between buying and selling prices. In other contexts, this is also known as **gross profit** or **turn**.

spreading

Action of allocating income or expenditure over more than one accounting period. For tax, this is permitted for long-term work such as building contracts or the creation of artistic works.

spreading election

Election made by a taxpayer under Finance Act 2002 Sch 22.

Where there has been a change of tax law affecting an accounting period start ends after 31 July 2001, the taxpayer may be able to make an election to spread the consequential adjustments over six accounting periods. The matter is discussed in the Inspectors' Manual at BIM34120.

Spring-Rice, Thomas

Irish-born Whig politician (1790-1866) who was Chancellor of the Exchequer from 18 April 1835 to 26 August 1839.

sprinkler

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

spruce beer

Form of **black beer** which is exempt from alcoholic liquor duty (Alcoholic Liquor Duties Act 1979 s4(1)).

SPV	(1) Special purpose vehicle. (2) Simplified Procedure Values. This is a special system for valuing certain fresh fruit and vegetables for Customs purposes.
sq	Square.
sq ft	Square foot.
sq in	Square inch.
SQL	Structured query language.
sq m	Square metre.
square deal	Fair deal.
square foot (Sq Ft)	Unit of area equal to a square where each side is one foot long. A square foot equals 144 square inches or 929.03 square centimetres. There are nine square feet to a square yard.
square inch (sq in)	Unit of area equal to a square where each side is one inch long. There are 144 square inches to a square foot, and 1,296 to a square yard. There are 6.45 square centimetres to a square inch.
square metre	Unit of area of equal size to a square where each side is one metre long. It is an SI derived unit with the symbol m ² . A square metre equals 1.196 square yards or 10.764 square feet. There are 10,000 square metres to a hectare.
square mile	Unit of area of equal size to a square where each side is one mile long. A square mile equals 640 acres or about 259 hectares.
square yard (sq yd)	Unit of area of equal size to a square where each side is one yard (three feet) long. A square yard equals nine square feet, 1,296 square inches or 0.836 square metres. There are 4,840 square

yards in an acre.

squash player

A squash player may retire on a personal pension below the age of 50, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

squatting

For barristers, a third period of six months in which a barrister does his or her own work from chambers but is not yet a tenant.

squeeze-out

The right of a shareholder who has acquired 90% of the shares in a **takeover bid** to require the remaining shareholders to sell their holdings.

The converse right to sell those shares is called a **sell-out**.

The legal provisions are set out in Companies Act 2006 from s979.

sq yd

Square yard.

SR

- (1) **Starting rate** of income tax.
- (2) Tax code used for PAYE before 1973. It indicates that income tax is to be deducted at the standard rate without any allowances.
- (3) Special Reserve.
- (4) Abbreviation: Saudi riyal, currency of Saudi Arabia.
- (5) Figure used for assignment of VAT to Scottish Parliament in Scotland Act 1998 s64A(3).

Sr

- (1) Senior.
- (2) Señor, Spanish equivalent to "Mr".

SRA

Solicitors Regulation Authority.

SRB

Sale and rent back.

SRD	ISO code for Suriname dollar.
SREP	Supervisory review and evaluation process, term used by the Financial Conduct Authority.
SRFI	Strategic rail freight interchange.
SRFN	Strategic rail freight network.
Sri Lanka	Island country in the Indian Ocean, formerly known as Ceylon. Its currency is the Sri Lankan rupee of 100 cents. The UK has a double taxation convention of 1979 amended by an exchange of notes in 1980.
Sri Lanka rupee	Currency of Sri Lanka.
SRIT	Scottish Rate of Income Tax.
SRN	Scheme Reference Number , for disclosed tax avoidance schemes.
SRO	Self-regulating organisation.
SR&O	Statutory Rules and Orders.
SRS	Scheme Reconciliation Service.
SRT	Statutory residence test.
Srta	Señorita, Spanish equivalent to "Miss".
SS	(1) Secretary of State. (2) Steamship. [This abbreviation has other meanings.]
SSAP	Statement of standard accounting practice.
SSAS	Small Self-Administered Scheme. A self-administered occupational pension scheme with usually fewer than 12 members. The rules on such schemes were tightened up in 1987 and 1991.
SSB	State sickness benefit.

SSCBA	Social Security Contributions and Benefits Act 1992.
SSC(NI)A	Social Security Contributions and Benefits (Northern Ireland) Act 1992.
SSDP	Abbreviation: South Sudanese pound, currency of South Sudan.
SSE	Substantial shareholder exemption.
SSFA	School Standards and Framework Act 1998.
SSI	Scottish Statutory Instrument.
SSN	Standard Shipping Note.
SSP	Statutory sick pay.
SSP1	Form given by an employer to an employee who is sick and where the employee is either not entitled to statutory sick pay (SSP) or where entitlement to SSP has ceased. This form may allow the employee to claim social security benefits instead.
SSP2	Form used to record amounts of statutory sick pay . The form is provided free by HMRC in either paper or (from 2008) computerised form. The use of the form is entirely voluntary; an employer may choose to use an alternative provided that the records are adequate.
SSPE	Securitisation special purpose entity.
SSP1L	Form which was given by an employer to an employee whose employment finishes while receiving statutory sick pay (SSP) . The form was discontinued from 27 October 2008 when the law changed so that an employee's period of sickness with one employer is no longer aggregated with a period with a new employer.
SSRO	Single Source Regulations Office.
SSSI	Site of special scientific interest.

SSS Islands	Sint Maarten, Saba and Sint Eustatius. This is an island group in the eastern Caribbean Sea to the east of Puerto Rico. Before 2010, they were part of the Netherlands Antilles .
ST	(1) Secondary threshold , for national insurance. (2) Standard time.
St	(1) Saint. (2) Street.
stabit praesumptio donec probetur in contrarium	Latin: a presumption will stand good until the contrary is proved.
stable employment case	"A case where the [equal pay] proceedings relate to a period during which a stable employment relationship subsists between the woman and the employer, notwithstanding that the period includes any time after the ending of a contract of employment when no further contract of employment is in force" (Equal Pay Act 1970 s2ZA(2)).
stabling	For VAT, an exclusive right of stabling a horse (or other animal) is exempt as a supply of a right over land. The lessor may standard-rate this supply under the option to tax provisions. Any separate supply of animal feed may be zero-rated. Details are given in VAT notice 701/15.
staff	Collective term for people who manage an undertaking.
staff entertainment	"You may recover VAT incurred on staff entertainment to the extent that the expenditure relates to the purpose of your business" (VAT Notice 700).
Staffs	Staffordshire.
stag	Investor who specialises in new issues of securities.
staged payments	Another term for stage payments .
stage gate	Point in a process where particular matters must be considered. This term was used in HMRC guidance notes on

transfer pricing issued on 10 July 2008.

stage manager

Person who supervises the technical aspects of a dramatic performance. Sometimes stage managers also stand in for absent actors. On 5 March 2010, HMRC issued Guidance Note 5 regarding the extent to which stage managers may be taxed on the same basis as Equity contract actors, that is paying income tax as self-employed but national insurance as employees.

stage payments

Payments received during the completion of contracts, particularly in the construction industry. There is a tax point whenever an invoice is issued or a payment made - whichever happens first.

stagger

The schedule of months in which quarterly returns for VAT and Insurance Premium Tax (IPT) are due.

Traders registered for VAT and IPT are generally required to submit returns every quarter. For administrative purposes, the dates on which returns are due are staggered through the year.

When a trader registers for one of these taxes, he or she is notified of which four months will mark the end of your quarterly tax periods. These are known as the 'stagger'. Normally, a stagger will be allocated by Customs and Excise. Under some circumstances, however, a trader can request to be put on a particular stagger.

staging date

Date on which an employer is required to have arranged **automatic enrolment** of employees in the **NEST** pension scheme or equivalent.

staircasing

Practice of making payments to co-owners of a property to acquire a greater stake. This can lead to owning the freehold.

There are some special provisions for the purposes of stamp duty land tax (SDLT) effective from March 2008. The person may pay SDLT on the whole price at the outset, in which case no further SDLT is payable.

Alternatively, SDLT is payable on the amount paid for the person's interest in the property plus the net present value of rent payable. In practice SDLT is rarely charged for the rent.

No further SDLT is then payable until the person

	owns at least an 80% interest in the property.
stairs	Part of a building (Capital Allowances Act 2001 s21(3) List A).
stake	Investment or involvement in an organisation or activity.
stake a claim	Make a claim that a person has a particular right over some land or property.
stakeholder	Someone who has an interest or involvement in an organisation or activity.
stakeholder pension	<p>The name given to a type of personal pension, introduced on 6 April 2001. The scheme was extensively modified from when the government first announced it. In particular, the employer is not required to contribute to it.</p> <p>An employer of five or more people must make a stakeholder pension scheme available to any employee who wishes to use one. As the relationship is then entirely between the employee and pension provider, the employer is in effect acting merely as an introduction agency.</p>
stakeholder pension scheme	“A pension scheme that has been registered under section 2 of the Welfare Reform Pensions Act 1999 and satisfies the conditions in section 1 of the Act” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).
stakeholder products	<p>Financial products which meet government standards in that they are:</p> <ul style="list-style-type: none">• simple to understand;• low-cost; and• risk-controlled. <p>The term was introduced from 6 April 2005 to replace the previous CAT standard.</p>
stakeholders	A general term devised to indicate all those who might have a legitimate interest in receiving financial information about a business because they have a 'stake' in it.

- Stakhanovism** Russian system tried in 1935 to increase output by a system of specialised efficiency.
Alexei Stakhanov was a coal miner who increased his output by this method.
- stale cheque** Cheque which the payee has not paid into his account and where the time limit for doing so (usually six months) has expired.
- stamp** Device of making a mark on a document. This may be by making an impression as in stamping documents or in attaching an adhesive piece of paper, as in a postage stamp.
For stamp duty, stamp “means as well as a stamp impressed by means of a die an adhesive stamp for denoting any duty or fee” (Stamp Act 1891 s27).
- Stamp Act** Law relating to **stamp duty**.
The current Act is of 1891 as modified by Finance Acts. This replaces Acts of 1870, 1854 and 1765, the latter of which led to revolution in and eventual independence of the USA.
Stamp Act 1854 s11 is still in force. It relates to the definition of a bank note, even though these are not now stampable.
- stamp album** Book provided to keep a stamp collection.
Such a book is standard-rated for VAT unless the section for mounting stamps is less than 25% of the whole (VAT notice 701/10).
A VAT tribunal ruled that zero-rating did extend to the resale by a stamp dealer of collectors’ items originally produced by the Post Office. Each comprised a folded document with the special stamps (*S P Schusman [1994] VTD 11835*).
- stamp duty** Tax charged on documents. There is no penalty as such for non-payment of stamp duty; the penalty is that an unstamped document may be ineffective in its purpose.
The tax dates from 1694. The main laws are now Stamp Duty Act 1891 and Stamp Duty Management Act 1891. Both Acts have been extensively modified by Finance Acts. In particular Finance Act 1999 changed the heads of charge, and Finance Act 2003 removed land

transactions completely and made them subject to **stamp duty land tax**.

stamp duty land tax (SDLT)

Tax paid on transactions in land and buildings.

It was introduced on 1 December 2003 when it replaced **stamp duty**. The main law is contained in Finance Act 2003.

Tax is charged as a percentage on the price or value of a long lease. There is a limit up to which a transaction is not taxed. Above this, a rate of tax of up to 5% is charged on the whole of the value.

stamp duty reserve tax (SDRT)

Tax charged on agreements to transfer chargeable securities for money or money's worth (Finance Act 1986 ss86-99).

SDRT was introduced on 1 July 1996 for transactions in securities that did not attract **stamp duty**.

stamped

For stamp duty, the term "is applicable as well to instruments and materials impressed with a stamp by means of a **die** as to instruments and material having adhesive stamps affixed thereto" (Stamp Act 1891 s27).

stamping

Offence committed by an excise officer who records a survey of a distillery without having carried it out. Typically the practice would involve the night stillman taking the readings and leaving them for the excise offer to enter into the survey (report).

stand-alone

Description of an item that either:

- has a single function, or
- is not connected to another item.

stand-alone cheque card

Cheque guarantee card that serves no other function.

At the time of their abolition, fewer than 1% of such cards were stand-alone. More than 99% served another function such as a cash card or debit card.

stand-alone lump sum

A lump sum benefit paid as a single BCE to a member (aged under 75) of a registered pension scheme that represents all the member's uncrystallised rights under the scheme.

The lump sum must meet the conditions of Articles 25 – 25D of The Taxation of Pension Schemes (Transitional Provisions) Order 2006 - SI 2006/572 - as amended by The Taxation on Pension Schemes (Transitional Provisions)(Amendment No.2) Order 2006 – SI 2006/2004.

stand-alone policy Policy that is not part of any other financial arrangement.

standard (1) Usual quality or requirements for goods or services.
(2) Normal quality of goods or services, as against other descriptions such as economy, high quality, de luxe etc.

standard accessory In the context of company cars for tax purposes, “an accessory equivalent to an accessory assumed to be available with cars of the same kind as the car in question in arriving at the list price” (Income Tax (Earnings And Pensions) Act 2003 s125(4)).

standard agreement Terms of a contract which are usually followed by the parties, as set out in a written document.

standard allowance The main element of **universal credit** (Welfare Reform Act 2012 s1(3)).
It may be supplemented by amounts for child responsibility, housing and other needs or circumstances.

Standard and Poor's A US-based financial services company that provides widely-used analysis on shares, stocks and other types of security. They also rate government securities. The company was formed in 1860.

Securities are rated in order from the highest: AAA, AA+, AA, A+, A, BBB, BB, B, CCC, CC, C, Cl, R, SD and D. It uses NR for a company that is not rated.

standard beneficiary country (SBC) For Customs, a country that benefits from a scheme of GSP (Customs notice 830). Appendix B of this notice gives a list of the countries.

standard case For tax tribunals, a case “which will usually be subject to more detailed **case management** [than a **basic case**] and be disposed of after a hearing” (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273

rule 23(2)(c)).

In employment law, a claim for equal pay which is not a **stable employment case, concealment case or disability case** (Equal Pay Act 1970 s2ZA(2)).

standard cider

Cider which is not sparkling and which has an alcoholic strength not exceeding 7.5% (Alcoholic Liquor Duties Act 1979 s62B(4)(a)).

standard class travel

In relation to air passenger duty, "means —
(a) in the case of an aircraft on which only one class of travel is available, that class of travel;
(b) in any other case, the lowest class of travel available on the aircraft"
(Finance Act 1994 s30(10)).

standard cost

Cost of a future provision, against which the actual cost may be measured.

standard costing

Process of costing for a future period, against which actual costs may be compared.

standard debt

Debt which causes concern but is not too serious.

standard deduction

In USA, fixed amount that a taxpayer may claim from taxable income in a manner similar to UK **personal allowances**. Alternatively the taxpayer may claim certain **itemized deductions**.

standard direct labour cost

Cost of labour to produce a unit according to a standard which has been predetermined, such as how much time workers of different grades need to spend.

standard exchange scheme (SES)

Scheme which may be used in **outward processing** to provide relief from Customs duty when goods are imported which were previously exported purely for a process, such as assembly or repair.

If the goods cannot be re-imported, equivalent goods may be imported under SES.

Standard for Investment Reporting (SIR)

Document issued by the Auditing Practices Board (APB) in

relation to investment circulars.

standard fraction

The fraction used to calculate **marginal relief** for corporation tax on profits that lie between the lower and upper limits. The law is Corporation Tax Act 2010 s19(3).

standard hour

In management accounting, the amount of work that can be achieved in one hour by a worker under normal conditions of efficiency.

Standard Import Values

For Customs purposes, a special system for valuing certain fresh fruit and vegetables at certain times of the year, when the entry price system is in force. Standard Import Values (SIV) do not operate concurrently with Simplified Procedure Values (SPV).

standard letter

Letter which is written to provide routine information and answers to correspondents. Such letters are widely used by the tax authorities, as **letters of engagement** by auditors and in **credit control**.

standard lifetime allowance

The overall ceiling on the amount of tax-privileged savings that any one individual can accumulate over the course of their lifetime without taking any special factors into account that may increase or decrease the tax-privileged ceiling.

For the year 2006-07, this amount is £1,500,000. The standard lifetime allowance for following tax years will be specified by an annual order made by the Treasury, and will never be less than the amount for the immediately preceding tax year.

standard litre

For oil duty, "shall mean a litre of any liquid at a temperature of 15 degrees C" (Hydrocarbon Oil Regulations SI 1973 No 1311 reg 2).

standard method

In VAT, the partial exemption method which is available to all partly exempt businesses without seeking prior approval from HMRC.

standard of living

Term to denote how well a person lives. It is a combination of net income and spending power.

- standard rate** Rate which applies unless another rate is specified.
The term is particularly used for:
- (a) rate of **national minimum wage** for all workers aged 22 and above;
 - (b) rate of VAT which is charged on a supply unless another rate is specified;
 - (c) (sometimes) basic rate of income tax. It was the official term between 1907 and 1973.
- For **beer duty**, the standard rate is paid by brewers who produce more than 60,000 hectolitres annually.
- standard scale** “with reference to a fine or penalty for an offence triable only summarily,—
- (a) in relation to England and Wales, has the meaning given by section 37 of the Criminal Justice Act 1982;
 - (b) in relation to Scotland, has the meaning given by section 225(1) of the Criminal Procedure (Scotland) Act 1995;
 - (c) in relation to Northern Ireland, has the meaning given by Article 5 of the Fines and Penalties (Northern Ireland) Order 1984.” (Interpretation Act 1978 Sch 1).
- standard variable rate** A lender's standard mortgage rate. This goes up and down with interest rates generally.
- standby** When a worker is required to be available for work at short notice. Doctors, caretakers and residential wardens are often required to work on standby. Such arrangements are also known as being **on-call**.
- Payment for being on standby is treated as gross pay, and is subject to tax and national insurance in the usual way.
- Issues have arisen as to whether a worker is entitled to receive the **national minimum wage (NMW)** while on standby but not required to work.
- The National Minimum Wage Act 1998 states that an employee is entitled to the national minimum wage for hours on standby when:
- actually working having been called out;
 - required to be at or near work premises; or
 - when not allowed to sleep.
- Subsequent cases have confirmed that NMW was payable to:

- a person who operated a telephone booking service during the night from home (*British Nursing Association v Inland Revenue [2002]*);
- a watchman who was allowed to sleep at work but be ready to attend any alarm (*Scottsbridge Construction Ltd v Wright [2003]*); and
- a care manager who was on-call for 24 hours in a housing association for elderly people (*MacCartney v Oversley House Management [2006]*).

The NMW must be paid for all hours that a person may be called out, unless the risk of being called out is “trifling”.

standby credit

Credit which a bank or other financial institution makes available to a company to draw on when required.

stand good

For tax assessments, the process by which an assessment from HMRC is regarded as the correct assessment following the taxpayer's inability to dispute it. The term is found in Taxes Management Act 1970 s50(6).

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“Now it is to be remembered that under the law as it stands the duty of the Commissioners [and from 1 April 2009 the Tribunal] who hear the appeal is this: Parties are entitled to produce any lawful evidence, and if on appeal it appears to a majority of the Commissioners by examination of the Appellant on oath or affirmation, or by other lawful evidence, that the Appellant is over-charged by any assessment, the Commissioners shall abate or reduce the assessment accordingly; but otherwise every assessment or surcharge shall stand good. Hence it is quite plain that the Commissioners are to hold the assessment as standing goods unless the subject – the Appellant – establishes before the Commissioners, by evidence satisfactory to them, that the assessment ought to be reduced or set aside.”

T Haythornwaite & Sons v Kelly. CA [1927] 11TC657

standing charges

The cost of owning an asset rather than of using it.

This term is of particular application to cars where it applies to road tax, MOT, insurance, cost of capital and depreciation. Other costs, such as petrol and maintenance, are classified as **running costs**.

standing in the position of creditor

For **connected parties relationship**, the term is defined in Corporation Tax Act 2009 s379.

standing order

Arrangement whereby a fixed amount is paid at regular intervals, such as a subscription to a club or a donation to a church or charity.

Standing orders are not generally used by commercial businesses who prefer **direct debits** where they can change the amount drawn. A standing order can only be changed by the bank's customer. A standing order may be set up for any person or organisation whereas a direct debit may only be made for an organisation which meets strict guidelines imposed by the bank.

standing orders

Rules of procedure that apply to a meeting unless it decides otherwise.

standing statement of fixed deductions

Statement provided by employer to employee listing deductions made from every payslip and which need not therefore be detailed on each payslip (Employment Rights Act 1996 s9).

standstill provision

In law, a rule that remains in force but where the power to change it no longer exists.

An example is the right of the UK government to zero-rate many supplies. It no longer has the power under EU law to introduce new categories of zero-rating, though it may amend existing zero-ratings to accommodate new developments, such as for new technology.

Stannaries

Tin-mining areas of Cornwall that had their own laws.

starch

For VAT, this is zero-rated when supplied in edible form but standard-rated when supplied for such purposes as stiffening shirt collars (VAT notice 701/14).

star

Various companies have set up businesses offering people the right to have a star named after them, even though there is no international or even national agreement to do so. Bodies such as NASA do not recognise the names.

This has been the subject of a VAT case which held

that the chart and books sent to customers were not a separate zero-rated supply. The company was making a single standard-rated supply (*Schoemann ISR (UK) Ltd [1993] VTD 11713*).

Star Chamber	Common nickname for Public Expenditure Committee .
stardust	Name sometimes given to the metallic strip in bank notes.
stare decisis	Latin: stated decision. The principle that a precedent is binding in law.
starting value	In relation to long funding operating leases, this term is defined in Income Tax (Trading and Other Income) Act 2005 ss148DA-148DB.
start menu	In computing, a menu which first appears when a program is selected and offers basic choices, such as creating a new file or opening an existing one.
start up	Begin a business, or the beginning of a business. The term is sometimes hyphenated.
start-up financing	Providing the funds to start a new business.
start-up period	For bank levy, this is given a specific meaning in Corporation Tax Act 2010 s269CG as inserted by Finance Act 2015 Sch 2.
starting rate limit	Maximum slice of income subject to the starting rate of income tax.
starting rate (SR)	<p>Income tax rate of 10% which was charged on the first slice of taxable income between the tax years 2001/02 and 2007/08.</p> <p>There was also a starting rate of corporation tax between 1 April 2000 and 31 March 2008. This was 10% until 31 April 2002, and then 0%. It applied to adjusted profits of up to £50,000.</p>
starting travelling expenses	"Expenses incurred by the employee in travelling from a place in the United Kingdom to take up employment" (Income Tax (Earnings And Pensions) Act 2003 s341(8)).

This is generally tax-deductible if the employment is overseas.

start-up period

In relation to corporation tax on banks, this term is defined in Corporation Tax Act 2010 s269CG(1). It is basically the first five years of a bank's trading life.

stash

Deposit of funds which are kept, sometimes secretly, for a particular purpose.

state

(1) An independent country seen as a single financial and legal entity.

“A national, regional, or local government” (FRS 102 glossary).

(2) Give factual information about something.

state bank

American term for a commercial bank licensed by the individual state. Such a bank is not always a member of the Federal Reserve system. A bank run by the federal government is called a **national bank**.

state benefits

Social security and other welfare payments.

State Earnings Related Pension Scheme (SERPS)

Government-backed **additional pension** arrangement which ran from 6 April 1978 to 2002, when it was replaced by the similar **state second pension (S2P)**.

Under SERPS, employees pay some additional national insurance to secure more pension from the government. As originally planned, an employee who was a member of SERPS for his or her entire working life and who earned more than the **upper earnings limit** for national insurance would receive additional pension of 25% of **band earnings**. This would be a significant sum which could more than double the state pension.

In fact, the scheme did not last long enough for anyone to receive such a high figure, though state second pension is broadly similar. In 1999, the scheme was reduced in terms of benefits provided. The maximum benefit was progressively reduced to 20% of band earnings, among other changes.

state maternity allowance	Term used in Income Tax (Earnings And Pensions) Act 2003 s677 for maternity allowance .
statement	Document which summaries a financial position, particularly a document which summaries what invoices are still owing. Such a statement is usually supplied at the end of each month.
statement about manufactured dividends	Statement that may be required by Income Tax Act 2007 s577 in relation to the property rental business of a Real Estate Investment Trust.
statement for the account	Term used in relation to child trust funds, and explained in Child Trust Funds Regulations SI 2004 No 1450 reg 10.
statement of accuracy	Statement that HMRC may certify under administrative provisions for leases (Income Tax (Trading and Other Income) Act 2005 s300).
statement of account	List of sums due, mainly in the form of unpaid invoices.
statement of accuracy	Statement that may be required by HMRC about a lease at undervalue under Corporation Tax Act 2009 s237.
statement of affairs	Formal statement provided to court to support an IVA proposal.
statement of allocation	Notice given to HMRC by a building society in relation to the bank levy (Corporation Tax Act 2010 s269CI(3) as inserted by Finance Act 2015 Sch 2).
statement of assets and liabilities	Statement of assets and liabilities of a body which prepares a receipts and payments account . The statement is an alternative to the balance sheet.
Statement of Auditing Standard (SAS)	UK auditing standard issued by Auditing Practices Board.
statement of capital	Statement made by directors about the company's share capital. Such a statement may be required for a reduction in share capital . The contents of such a statement are set

out in Companies Act 2006 s644(2).

statement of cash flows

Statement which sets out where an organisation has received its funds and how it has spent them.

“Financial statement that provides information about the changes in cash and cash equivalents of an entity for a period, showing separately changes during the period from operating, investing and financing activities” (FRS 102 glossary).

Details of how to prepare such statements are given in FRS 102 Section 7.

statement-of-cash-flows method

Method of accounting which uses **cashflows**, rather than the **accruals method**.

statement of changes

Document which an employer must give to an employee within one month of any change in the contract of employment (Employment Rights Act 1996 s4).

statement of changes in equity

A financial statement reporting all items causing changes to the ownership interest during the financial period, under the **IASB system**.

Such a statement is generally required by companies that prepare accounts using International Accounting Standards that does not provide a **statement of recognised income and expenditure**.

This definition is also used in relation to taxation of derivatives (Corporation Tax Act 2009 s710).

statement of changes in financial position

Financial report produced by a commercial organisation stating how its cash position has changed during the period.

statement of community involvement

Statement a planning authority must prepare to state the involvement of principal parties in its area in developing the **local development scheme** (Planning and Compulsory Purchase Act 2004 s18).

statement of company's objects

Statement which may appear in a company's **articles of**

association stating the purpose for which the company is formed (Companies Act 2006 s31).

If no such statement appears, the objects are unrestricted, and the company may engage in any activity.

statement of compliance

Incorporation

A document submitted with the draft **memorandum of association** to say that all the requirements of the Companies Act 2006 have been met (Companies Act 2006 s13).

For a public company, such a statement may be accepted in issuing a **trading certificate** (Companies Act 2006 s762(3)).

Administrative restoration

Notice that must accompany an application for **administrative restoration** of a struck off company to the register at Companies House.

The requirement is given in Companies Act 2006 s1026.

statement of comprehensive income (SCE)

Financial statement that combines the income statement with other gains and losses recognised in the accounting period. It is basically the profit and loss account.

“Financial statement that presents all items of income and expense recognised in a period, including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income. If an entity chooses to present both an income statement and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income” (FRS 102 glossary).

The definition for accounting purposes is also used in relation to taxation of derivatives (Corporation Tax Act 2009 s710).

Statement of Financial Accounting Standards (SFAS)

American accounting standard.

statement of financial activities (SOFA)

Record of income and expenditure produced by a charity using the accruals basis.

statement of financial position

Term that is sometimes used in international accounting standards to mean a **balance sheet**. The term may be used under FRS 102.

“Financial statements that present the relationship of an entity’s assets, liabilities and equity as of a specific date (referred to as the balance sheet in the [Companies Act 2006])” (FRS 102 glossary).

statement of guarantee

A document which must be submitted with the draft **memorandum of association** when forming a **company limited by guarantee**.

Companies Act 2006 s11 requires this statement to specify the amount each member will contribute if the company is wound up.

statement of high net worth

Statement made by an individual that he or she has assets above a specified value (Consumer Credit Act 1974 s16A). Such a person is exempt from some of the provisions of the Act.

statement of income and retained earnings

“Financial statement that presents the profit or loss and changes in retained earnings for a reporting period” (FRS 102 glossary).

For derivatives, this has the same meaning as for accounting purposes (Corporation Tax Act 2009 s710).

statement of initial employment particulars

A document which an employer must provide to an employee within two months of starting work which set out the conditions of work (Employment Rights Act 1996 s1). This section details what must be included.

statement of initial significant control

Document that a company must file at Companies House on incorporation (Companies Act 2006 s12A).

statement of practice

Document issued by HMRC (formerly Inland Revenue) explaining how it understands a taxing provision and how

it will apply a provision. They are numbered in the form "SP 1/87", which refers to the first such statement issued in 1987.

If a taxpayer follows a Statement of Practice, HMRC will not challenge that decision. However a Statement of Practice does not have the force of law. A taxpayer who believes that a Statement of Practice is wrong may follow another interpretation, but should disclose this in the **white space** on a tax return to allow HMRC to challenge such decision.

statement of principles

A document issued by the Accounting Standards Board in the United Kingdom setting out key principles to be applied in the process of setting accounting standards.

Statement of Principles for Financial Reporting

Document produced by Accounting Standards Board to determine the criteria for **accounting standards** and similar pronouncements. The statement does not itself have the status of an accounting standard.

The Statement states in para 7 that its purpose is to ensure that **financial statements** are **true and fair**.

statement of proposed officers

A document which must be submitted with the draft **memorandum of association** when forming a company.

This must give the names and addresses of every person who is to be a director when the company is formed and any person who is to be company secretary.

statement of recognised gains and losses (STRGL)

A financial statement that summarises all gains and losses in the period, regardless of whether those gains or losses are reflected in the profit and loss account or balance sheet. For international accounting standards, this statement is usually called the **statement of recognised income and expenditure**.

Typically, the statement analyses gains and losses into:

- profits
- revaluations of assets
- actuarial gains or losses on pension scheme
- currency translation differences
- hedges against cashflow and investments (not

strictly required under UK standards).

statement of recognised income and expense (SORIE)

A financial statement reporting **realised** and **unrealised** income and expense as part of a **statement of changes in equity** under the **IASB system**. It is the term used in international accounting standards to mean the **statement of realised gains and losses**.

This definition is also used in relation to taxation of derivatives (Corporation Tax Act 2009 s710).

statement of recommended practice (SORP)

An accounting policy developed for a particular trading activity.

“An extant statement of recommended practice developed in accordance with *SORPs: Policy and Code of Practice*. SORPs recommend accounting practices for specialised industries or sectors. They supplement accounting standards and other legal and regulatory requirements in the light of the special factors prevailing or transactions undertaken in a particular industry or sector” (FRS 102 glossary).

It should be noted that the term used in FRS 18 is **SORP** and not “statement of recognised practice”.

statement of rights

In company law, a statement outlining the rights of members to vote or appoint a proxy. Such a statement must be sent with all notices of meeting (Companies Act 2006 s325(1)).

statement of standard accounting practice (SSAP)

UK accounting standard issued between 1971 and 1990.

statement of total recognised gains and losses

Financial statement reporting changes in equity under the UK ASB system.

This definition is also used in relation to taxation of derivatives (Corporation Tax Act 2009 s710).

statement of truth

Statement made to provide evidence in an application sent to the Land Registry in relation to an application.

Examples include an application to:

- be registered as proprietor of land on the basis of adverse possession;

- be registered where there are no extant documents to prove title;
- register a right acquired by prescription;
- apply for an entry to protect an undocumented interest in land: or
- cancel a restriction protecting a trust in land that has come to an end.

Before November 2008, such evidence was provided by a statutory declaration. From November 2008, the evidence is provided by a statement of truth.

From 29 June 2015, form ST5 is used to cancel a restriction.

state of emergency	Declaration by the King of Queen in Council which allows Parliament to take emergency action under Emergency Powers Act 1920.
state of indebtedness	Fact of being in debt. The term is usually restricted to cases where a person is seriously in debt and is likely to become insolvent.
state of the ship's registry	For the purpose of maritime wrecks, "means, in relation to a registered ship, the State of registration of the ship, and, in relation to an unregistered ship, the State whose flag the ship is entitled to fly" (Wrecks Convention article 11).
state pension	(1) Another name for the state retirement pension . (2) The name for the equivalent pension paid for those who reach state retirement age from 6 April 2016 (Pension Act 2014 s1(1)).
state pension credit	Social security benefit created by State Pension Credit Act 2002 s1(1). It has two elements, the guarantee credit and savings credit . It is more commonly known as pension credit . The benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).
state retirement pension (SRP)	Definition An amount paid by the state to its older citizens. It is payable under Social Security and Contributory

Benefits Act 1992 from s44.

Categories of pension

There are three categories of state retirement pension:

- Category A, paid at state pension age based on the person's national insurance contributions record
- Category B, paid at state pension age based on a spouse's contributions, and paid at a rate of about 60% of Category A

- Category D, paid at the age of 80 at the same rate as Category B for someone without sufficient national insurance record for A or B.

(Category C was for those who had retired before July 1948 or who were married to someone who was. This category is now extinct.)

Taxation

The pension is subject to income tax but is not taxed at source.

The tax is often collected by adjusting the tax code for another pension in payment.

Qualifying age

In the UK, the pension is paid from the age of 65 for men, and from the age of 60 to women who retire before 2010. From 2020, it is paid to women at the age of 65. Between 2010 and 2020, the retirement age for women is gradually increased from 60 to 65. It is planned to increase the retirement ages during the 21st century.

National insurance conditions

A person is eligible for the pension if they have paid sufficient **national insurance** contributions for nine out of ten years of **working life**. This means that if a person started work at 21 and retired at 65, they have 44 years of working life and must have paid sufficient national insurance for 39 years. For those who retire from 2012, the requirement is that a person has sufficient national insurance for 30 years, regardless of working life. If someone has less than a full national insurance contribution, they receive a **pro rata** pension.

Other information

Since 1975, men and women have been able to have an

SRP pension on the same terms. It is also possible for a husband, wife or civil partner to receive a smaller pension based on their partner's **contributions**.

The amount of pension is usually increased each April to allow for inflation.

The SRP may be supplemented by **additional pension**. A pensioner with low income may be entitled to claim **pension credit**.

state scheme pension credit Term used in Pensions Act 2014 s13 in relation to sharing the state pension on divorce.

state scheme pension debit Term used in Pensions Act 2014 s14 in relation to sharing the state pension on divorce.

state second pension (S2P) Government-backed **additional pension** arranged introduced in 2002 as a replacement for **State Earnings Related Pension Scheme (SERPS)**.

S2P has two stages. Stage 1 continues most of the provisions of SERPS. The main change is to stratify the band earnings and apply different earnings factors to the different strata. The consequence is to enhance the pension payable to lower paid workers. S2P also extended additional pension to full-time carers.

Stage 2 replaces the earnings-related pension with a single flat rate. This was originally intended for 2007, but has now been postponed to 2012, and subsequently to 2016.

state succession Change in the sovereignty of a nation. This can affect double taxation treaties.

When the USSR was dissolved in 1991, the UK's 1985 Treaty was regarded as still applying to the independent states that were members of the USSR, unless the state decided otherwise. This was set out in statement of practice SP 3/92. In practice only Estonia, Latvia and Lithuania decided otherwise. Armenia and Kyrgyzstan said they never regarded themselves as bound by the USSR treaty.

Other arrangements have been made in relation to Czechoslovakia, Namibia, South African homelands and East Germany.

static caravan	For VAT, this may come within the definition of a zero-rated caravan . Guidance is given in VAT notice 701/20.
stationery	<p>Stationery used in a business is a normal business expense and is therefore usually deductible from taxable profits.</p> <p>For VAT, stationery is generally standard-rated even in the form of books. If a book is sold completed, such as a historic diary or ship's log, it may be zero-rated under Value Added Tax Act 1994 Sch 8 Group 3, as explained in VAT notice 701/10.</p>
status	Standing of a person in the eyes of the law.
status discount	Term used in relation to people who are ignored for the purposes of determining liability to council tax. Such people include full-time students and people who have severe mental impairment.
status document	<p>Document that evidences the status of something or someone.</p> <p>For Customs purpose, a Community status document may be needed to state that the goods originate from within the EU.</p>
status inquiry	Act of checking on a person or organisation, particularly with regard to their financial reliability.
status quo	Latin: state as it is.
status quo ante	Latin: the previous state.
status symbol	Possession which marks a person's standing in society.
statute	An established written law, usually an Act of Parliament , the primary source of law.
statute-barred	When something no longer has any life or effect because of the time which has passed. Most debts and civil actions become statute-barred after six years.
statute book	Collective terms for all laws passed in a country. It does not exist as a book.

Statute of Anne	Law passed in 1709, effective from 10 April 1710, which provided the first legal protection for copyright . It was repealed in 1842 by Copyright Act 1842, which has also now been repealed.
Statute of Dues	Contentious law of 1532 which created a form of taxation in that it gave the king land rights on the death of a tenant. It was of limited effect in stemming the continuing low revenues for Henry VIII, who lacked his father's financial skill.
Statute of Frauds	Law passed in 1677 which, among other matters, required certain contracts always to be in writing. Originally there were six categories. These have now been reduced to two: guarantees, and purchases of land. There are other contracts which must be <i>evidenced</i> in writing (eg insurance, employment and consumer credit) but which may be made verbally.
Statute of Monopolies	UK law passed in 1624 which provided the first protection for patents . It was repealed by Statute Law Revision Act 1863.
statutory	Having the authority of the state government.
statutory adoption pay (SAP)	<p>Social security benefit paid to a man or woman who adopts a child. Their partner (male or female) may be eligible for statutory paternity pay.</p> <p>The right is contained in Social Security Contributions and Benefits Act 1992 from s171ZL.</p> <p>The payment is subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s660(1)).</p>
statutory apprenticeship	<p>“Means any course or training that is, or is to be, provided under —</p> <ul style="list-style-type: none">(a) an approved English apprenticeship,(b) an apprenticeship agreement within the meaning of section 32;(c) an arrangement to undertake any other kind of working — <ul style="list-style-type: none">(i) in relation to which alternative English completion conditions apply under section 1(5), and(ii) in connection with which training is to be

provided in accordance with an apprenticeship framework within the meaning given in section 12; or

(d) arrangements made under —

(i) section 2 of the Employment and Training Act 1973,

(ii) section 17B(1)(a) of the Jobseekers Act 1995.

(iii) section 2(3) of the Enterprise and New Towns (Scotland) Act 1990, or

(iv) section 1 of the Employment and Training Act (Northern Ireland) Act 1950,

that are identified by the person making the arrangements as arrangements for the provision of apprenticeships”

(Apprenticeships, Skills, Children and Learning Act 2009 sA11 as inserted by Enterprise Act 2016 s25).

It is an offence to describe any other form of training as an apprenticeship.

statutory audit	Audit that a company is required by law to undertake.
statutory auditor	Person who conducts an audit as required by law.
statutory books	Financial records which an organisation is required by law to keep.
statutory declaration	Declaration made before a magistrate or commissioner of oaths under Statutory Declarations Act 1835. Making a false statement in such a declaration is perjury (Perjury Act 1911 s5).
statutory demand	Formal notice sent by creditors before starting bankruptcy proceedings (Insolvency Act 1986 s268(1)).
statutory funding objective	Requirement that every pension scheme “must have sufficient and appropriate assets to cover its technical provisions” (Pensions Act 2004 s222(1)). Technical provisions means sufficient to cover its liabilities.
statutory instrument	Rules made by government ministers who have been so authorised by an Act of Parliament .

statutory interest

Interest HMRC may pay on an overpayment made following an error by the department.

statutory maternity pay (SMP)

Definition

Payment which an employer may be obliged to pay to a female employee who is absent from work because of pregnancy or recent childbirth. SMP was introduced on 6 April 1987.

Entitlement

Entitlement may depend on the woman's **confinement** date.

An employer may not refuse to pay SMP when it is due. An employer may pay **occupational maternity pay** in addition to SMP provided the total does not exceed the woman's normal pay.

SMP is only paid to a woman who:

- has worked for long enough (basically a woman who became pregnant in that employment); and
- has earnings above the **lower earnings limit** for national insurance.

Main points

The main points about SMP are:

- it is payable for a **maternity pay period** (MPP) of 39 weeks (26 weeks before 1 April 2007). She may take up to 13 weeks further leave unpaid;
- payment is usually of 90% of **average earnings** for the first six weeks followed by a **set rate** thereafter;
- the woman may choose when the MPP starts provided this is no earlier than 11 weeks before the expected date of birth, and no later than the day after the actual birth;
- SMP is only paid for a live birth (which includes a baby that dies immediately after birth) or for a pregnancy which lasts for at least 24 weeks;
- only one payment of SMP is payable for twins and other multiple births;
- SMP is subject to income tax and national insurance on the same basis as normal pay;
- the employer may reclaim 92% of the cost of SMP from the state under the **PAYE** scheme, or a higher

percentage if the employer qualifies as a **small employer**.

Other comments

From 6 April 2011, a woman may return to work after 26 weeks and transfer the remaining 26 weeks to her husband or partner.

SMP entitlement is determined by reference to **expected week of childbirth (EWC), maternity pay period (MPP)** and **qualifying week (QW)**.

A woman who does not qualify for SMP may qualify for **maternity allowance**.

From 14 January 2007 there are no age limits for SMP.

The rules on SMP have changed many times since its introduction. There was a major revision of the rules in 1994.

The right to reclaim statutory maternity pay is contained in Social Security Contributions and Benefits Act 1992 s166.

SMP is subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s660(1)).

statutory maximum

“with reference to a fine or penalty on summary conviction for an offence,—

(a) in relation to England and Wales, means the prescribed sum within the meaning of section 32 of the Magistrates' Courts Act 1980;

(b) in relation to Scotland, means the prescribed sum within the meaning of section 225(8) of the Criminal Procedure (Scotland) Act 1995; and

(c) in relation to Northern Ireland, means the prescribed sum within the meaning of Article 4 of the Fines and Penalties (Northern Ireland) Order 1984.”
(Interpretation Act 1978 Sch 1).

statutory nomination

When a law makes provision for property held by a person to pass to someone nominated by the person regardless of what is in their will.

Statutory nominations apply to certain funds held by a **friendly society, industrial and provident society** or **trade union**, provided the amount does not exceed £5,000. It also applies to nominations made before 1981

for National Savings certificates.

- statutory paternity pay (SPP)** Social security benefit for two weeks payable for absence by the father of a natural child or adopted child, or by a woman whose partner has adopted a child.
From 6 April 2011, SSP is renamed **ordinary statutory paternity pay**. There is **additional statutory paternity pay** when a woman transfers up to six months of maternity leave.
- statutory payment** General term for **statutory sick pay, statutory maternity pay, statutory paternity pay** or **statutory adoption pay**.
- statutory provision** In relation to the **business impact target**, this term is defined in Small Business, Enterprise and Employment Act 2015 s22(6).
- statutory records** Records that an individual or organisation are required to keep under an Act of Parliament or other statutory provision.
For tax in Scotland, the term has a specific definition in Revenue Scotland and Tax Powers Act 2014 s122.
- statutory regulations** Regulations which relate to financial dealings. They are a **Statutory Instrument** with the force of law, as against regulations produced by a regulatory body.
- statutory residence test (SRT)** Test introduced from April 2013 to clarify whether a person is regarded as UK-resident for tax purposes.
- statutory sick pay (SSP)** Social security benefit paid to an employee from a fourth day of sickness. It is compulsory if the employee meets the conditions. An employer may pay additional **occupational sick pay**, or may opt out of SSP completely if the occupational sick pay is at least as generous as SSP. The main law is Social Security Contributions and Benefits Act 1992 ss151-154.
An employer may recover SSP from the state to the extent that payments in a month exceed 13% of national insurance (Social Security Contributions and Benefits Act 1992 s159A and SI 1995 No 512).
SSP is subject to income tax (Income Tax (Earnings

And Pensions) Act 2003 s660(1)).

statutory travel concession permit

Bus pass issued to anyone who is at least 60 years old and which is valid throughout the UK under Concessionary Bus Travel Act 2007.

statutory trust

Trust created by an Act of Parliament.

A statutory trust is created when a person dies intestate under Administration of Estates Act 1925 s47.

statuts d'une société

French: articles of association

stay

When a court temporarily suspends a legal action or process.

stay of execution

Temporary stopping of a legal order, usually to allow additional time for a matter to be checked or for an alternative to be considered.

STD

ISO code for São Tomé and Príncipe doba.

stealth bag

Bag, wallet, purse or similar which is designed to conceal its purpose.

stealth tax

New tax or adjustment to an existing tax which generates additional revenue in a manner which is not immediately obvious.

steam

For VAT, steam is generally standard-rated as a supply of heat rather than as water which is zero-rated under Value Added Tax Act 1994 Sch 8 Group 2.

In some cases, the supply of steam may be reduced rated, or standard-rated as a supply of heat (VAT notice 701/16).

steel

Metal comprising iron with a controlled amount of carbon added. It is much stronger than iron. One of the first users was the Midland Railway Company which found steel rails still satisfactory after ten years whereas iron rails needed replacing every six months.

Before 1853, the word "steel" referred to a very hard form of iron used to make sword blades.

Producing steel is excluded from eligibility for

venture capital trusts under Income Tax Act 2007 s307C.

For this purpose steel is defined by reference to the list in Annex 1 to the Guidelines on national regional aid 2006/C 54/08 published on 4 March 2006.

steeping

Soaking in water. The first step in **brewing** is usually to steep barley. This triggers the germination which is stop by **kilning**.

steep-reduction annuity

An annuity where:

“(a) the amount of any payment in respect of the annuity (but not the term of the annuity) depends on any contingency other than the duration of a human life or lives;

(b) the annuitant is entitled in respect of the annuity to payments of different amounts at different times; and

(c) those payments include a payment (a **reduced payment**) of an amount which is substantially smaller than the amount of at least one of the earlier payments in respect of that annuity to which the annuitant is entitled” (Income and Corporation Taxes Act 1988 s437A(1)).

steering committee

Committee that determines the programme and order of business.

stellar contribution

Legal principle sometimes used in working out divorce settlements.

The principle is that if one party has a particular talent which generates income, the other party has a reduced claim to such income.

step

(1) One part of a sequence of actions.

(2) For financial instruments, the term means a rate or level at which something applies.

step-

A prefix to a relationship where a parent has remarried. So a person's step-mother is the wife of a father who is not the person's mother.

Tax law sometimes treats step-relations in the same way as a direct relationship. An example is in creating a **trust for a bereaved minor**.

STEP	Society of Trust and Estate Practitioners.
step cost	In management accounting, a fixed cost that increases over time.
Stephen	King of England from 1135 to 1154.
stepped bond	Loan finance that starts with a relatively low rate of interest which then increases in steps.
stepped costs	Costs which remain fixed to a stated level, and then increase to a new level.
steps	In relation to mutual assistance in recovering tax between member states, the term "includes any legal or administrative steps, whether by way of legal proceedings, distress, diligence or otherwise" (Finance Act 2011 Sch 25 para 6(4)).
sterilising equipment	For VAT on charity funded equipment , "includes autoclaves and other specialised equipment using steam or other high temperature processes, "Microwave ovens and other cooking appliances are not sterilising equipment, even if they can be used to sterilise. Sterilising fluid is not equipment, and does not qualify for zero-rating, even when purchased by an eligible body" (VAT leaflet 701/6).
sterling	Another name for the pound , as a UK currency.
sterling area	Term, now rarely used, for the parts of the world where UK currency is used.
sterling balances	Trade balance of a country expressed in UK currency.
sterling crisis	Serious fall in the value of UK currency which leads to economic problems.
sterling index	Index which shows the value of UK currency against a basket of other currencies.
Sterling Investment in Capital Security (STICS)	Bond issued by UBS Bank in an ineffective tax avoidance

	scheme of strpped bond scheme .
sterling silver	An alloy of silver and base metal with at least 92.5% silver.
Stern Review	Report issued by Lord Stern in 2006 on climate change. The Review points out the economic costs of climate change, and has been the basis for government policy in this area. Some of its conclusions have been challenged by other scientists.
stet	Mark in an account or record that a correction or amendment is to be ignored and the original figure or text is correct.
stet processus	Latin: stay of proceedings.
stewardship	Taking care of resources owned by another person and using those resources to the benefit of that person.
Stewardship Code	Code of practice produced in July 2010 by the Financial Reporting Council under which pension funds exercise their rights as shareholders and set out in their accounts how they voted.
STI	Sexually transmitted infection.
Stichting MarorGelden Overheid	Dutch name for Dutch Maror Fund, set up to pay compensation to victims of the Holocaust. On 16 December 2015, it was announced that payments under this scheme are exempt from inheritance tax.
stick to your knitting	Business jargon for a business that keeps to its core activities, and does not diversify. It is also called zero-basing . The opposite has been called buy a cow .
sticky deposit	Small deposit that a bank is likely to retain during times of stress. Such a deposit is part of the bank's protected deposits , which are excluded in charging the bank levy.
STICS	Sterling Investment in Capital Securities , an ineffective tax avoidance scheme.

Stiftung EVZ	German scheme, known in English as Remembrance, Responsibility and Future. It compensates those used as slaves or forced labourers during the second world war. On 16 December 2015, it was announced that payments under this scheme are exempt from inheritance tax.
still	“The apparatus, or any part of an apparatus, in which spirits are produced” (Customs notice 39).
still bank	Piggy bank that is not a mechanical bank . This means that it contains no device to amuse the depositor but is simply a receptacle for coins.
still licence	Licence required to keep and use stills for making spirits (Alcoholic Liquor Duties Act 1979 s82).
Stip	Stipendary.
stipend	Payment of a regular allowance to a clergyman or similar person for <i>not</i> working so that they are available for pastoral and religious duties. For all purposes, it is taxed and subject to class 1 national insurance as a salary.
Stir	Stirlingshire.
stiver	Old Dutch coin of low value. The expression “not a stiver” was sometimes used to mean “not a penny”.
stock	(1) Inventory of goods held for resale or for use in business. The tax implications are discussed in the Inspectors’ Manual at BIM33015. (2) The equity capital of a company, but expressed in amounts of amount rather than as numbers of shares. This is common in USA. (3) In computing, a series of registers which are written and read in a strict order.
stockbroker	Person who buys and sells shares and other securities on behalf of his clients.
stockbroker’s commission	Payment to a stockbroker for buying or selling shares or other securities. It is usually calculated as a percentage of the amount involved.

stock certificate	American term for a document which provides evidence that a person holds stock (equity capital) in a company.
stock code	Sequence of numbers or letters which an organisation uses to identify items it holds in stock, either for sale or for its own use.
stock company	Provincial theatre company which provides the main cast for a show with a visiting star actor.
stock deficiency	Loss of items on sale in a shop. If this happens, the shopkeeper may deduct the cost of the items from the shop assistant's wages under Employment Rights Act 1996 s17, provided the amount does not exceed 10% of gross wages.
stock depreciation	<p>Reduction in the value of stock. The term usually refers to a loss of value while an item is in stock.</p> <p>Such loss of value usually relates to either a deterioration in the physical quality of the goods (such as metal going rusty), or in the goods becoming less sellable (such as books going out of date or clothes going out of fashion).</p>
stock dividend	<p>When a dividend is paid in the form of additional shares.</p> <p>Such a dividend is treated for tax as if it were paid in cash (Income and Corporation Taxes Act 1988 s249).</p> <p>The capital gains tax treatment is given in Taxation of Capital Gains Act 1992 s142.</p>
stock exchange	<p>A forum for the trading of stocks, shares and other securities.</p> <p>The London Stock Exchange is the main stock exchange in the United Kingdom.</p>
Stock Exchange listing	Arrangement where a company's shares or other securities are listed on the London Stock Exchange.
stock figures	Details of how much stock (inventory) is held by an organisation. The figures usually list each item held in stock with the quantity held. This is turned into an amount by multiplying each item by the stock value .

stockholder	Person who owns stock (equity capital) in a company.
stockholding	Amount of stock (equity capital) held by a person or organisation in a company.
stock holding period	Average number of days for which inventory (stock) is held before use or sale. It is an accounting ratio .
stocking	Old colloquialism for a person's savings, from the old practice of keeping them in a stocking.
stock-in-trade	Goods held by a business for sale. The term is sometimes used as an adjective to describe a person's standard response or activity. The term is also used in Taxation of Capital Gains Act 1992 s161 in relation to capital gains tax treatment.
stock item	Item which an organisation usually holds in stock for immediate supply or use, as against those items which it buys in when required.
stockjobber	Term used before 1986 for a market maker .
stock ledger	Book or equivalent which records movements in stock (inventory).
stock lending	Arrangement whereby a company lends shares to another company. The income tax treatment is set out in Income Tax Act 2007 s568. Provisions about no tax credits for stock lending arrangements are set out in Income Tax Act 2007 from s592. The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s263B, of which subsection (1) provides a definition. The deemed manufactured dividend rules are given in Corporation Tax Act 2009 s812. Stock lending is generally outside the scope of the accrued income scheme (Income Tax Act 2007 s653).
stock lending arrangement	The term is defined in Income Tax Act 2007 s568.

stock level	Quantity of a specific item which an organisation keeps in stock.
stock market	A stock exchange or other place where shares and similar securities may be traded.
stock market manipulator	Person who attempts to influence a stock market in his or her favour.
stock market valuation	Valuation of a company based on the price at which the stock market is valuing its shares. So if a company has 2 million shares and the stock market is £1.50 a share, its stock market valuation is £3 million.
stock option	Right to buy shares at a special price. Such options are commonly provided to directors and employees in the company.
stock relief	Tax relief available to businesses between 1/6 April 1974 and 12 March 1984. There was a radical change to the system in 1980. The relief allowed inflation on inventory's values to be rolled forward for offsetting against future profits.
stocks and shares	Term widely but loosely used to mean holdings in the equity capital of trading companies. Stocks are the US term, and shares are the UK term.
stocktaking	Process of counting the stock held by a business at a particular time, usually the end of the accounting period . This stock is then valued to give the closing stock figure.
stocktaking sale	Sale of items at a discounted price before stocktaking . The purpose is to clear the shelves of unwanted items. Such a sale will usually require the closing stock to be reduced for accounting and tax purposes.
stock transfer form	Form signed by a person when selling shares in a company.
stock turn	Another term for stock turnover .

stock turnover	Accounting ratio which measures how long stock is held by a business before being sold. It is calculated as the total value of stock sold in the year divided by the average value of goods held in stock.
stock value	Value of stock (inventory) held by an organisation.
stone	Imperial unit of weight, still widely used in the UK for the weight of people. A stone equals 14 pounds. There are 8 stones in a hundredweight, and 160 stones in a ton. A stone equals 6.3503 kilograms. There are 157.47 stones in a metric tonne.
stonewall	Practice of obstructing proceedings by purely defensive behaviour. The term originated in Australian politics, and was then used for defensive playing in cricket, and then generally.
stop	In banking, an instruction not to pay a cheque (or similar) which has been issued.
stop and question	Power given to the police in Northern Ireland under Justice and Security (Northern Ireland) Act 2007 s21.
stop-go	Term used to describe a common economic problem in the 1950s. The government of either party would relax economic controls, only to re-introduce them when this led to high levels of inputs. In 1961 the National Economic Development Council (NEDC or Neddy) was formed to find ways to avoid stop-go.
Stop It	Campaign of legal challenges to community charge launched by Labour party in 1987.
stop-loss insurance	Protection purchased against the risk of large losses or a severe adverse claim experience.
stop-loss order	Instruction to a stockbroker to sell a share or other security if its price falls below a stated figure.
stop order	(1) Order preventing sale of shares or payment of dividend if a charging order has been made.

(2) American term for a **stop-loss order**.

stop over

Interruption to a journey.

A stop over does not in itself convert commuting into tax-deductible business travel. A leading case on this is *Sargent v Barnes [1978] 52TC335* which is discussed in the Inspectors' Manual at BIM37935.

For the purposes of air passenger duty, a stopover usually breaks a journey so that each flight is taxed separately. This is known as the **temporal condition**. Details are given in Customs notice 550.

stoppage

Act of stopping something, particularly stopping work in an **industrial dispute**.

stopped cheque

Cheque that has been issued but where the issuer subsequently tell the bank not to pay it, usually because the cheque has been lost or misappropriated.

storage

Charge made for storing property belonging to someone else.

storage capacity

Space available for storing items. The term may be used literally, such as the storage capacity in a warehouse, or may be used in similar contexts, such as the amount of space on a computer available to hold data and software.

storage equipment

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

storage jar

For VAT, storage jars are standard-rated. If sold containing zero-rated food, this is a **mixed supply** whose elements must be separately taxed.

An ordinary jar that is normal and necessary **packaging** is not treated as a separate supply.

store card

Credit card issued by a large store for use by customers.

The card is usually operated by a finance company on behalf of the store; GE Finance is the largest such finance company. Typically store cards have a very high

interest rate.

store licence Licence granted by a local authority to store gunpowder (Explosives Act 1875 s15).

store of value Any item which is widely regarded as being valuable and which is therefore the basis of currency. Precious metals and gems are stores of value, as can be land, antiques, and works of art.

The term is also used as one of the two functions of **money**. The other function is as a **means of exchange**.

stores Goods supplied duty free on a vessel or aircraft, for use or sale on a voyage or flight leaving the UK.

Storm Desmond Storm that affected Cumbria in December 2015, leading to flooding. The government announced various forms of help, including grants to individuals, businesses and farms, additional expenditure on flood defences, and matched funding for charitable donations.

stotinki One hundredth of a lev, currency of Bulgaria.

stout Dark beer. It is subject to **beer duty**.

stove From 1 January 2006, a stove that burns wood or straw may qualify for the reduced rate of VAT under Value Added Tax 1994 Sch 7A Group 2.

Stra Strange's King's Bench Reports, law reports published from 1716 to 1749.

straddle (1) Span a date, such as a date when a tax law changes. Such a straddle can require the person to apportion an amount between before and after the change.
(2) In investing, the difference between bid and offer prices.
(3) In investing, buying a **put option** and a **call option** at the same time.

straddling period Accounting period that straddles a date when a tax provision changes.

In relation to the supplementary charge for ring-fenced profits of the oil industry, this is an accounting

period that straddles 24 March 2011 (Finance Act 2011 s7(3)).

For ring-fenced losses, it means an accounting period that straddles 1 January 2006 (Corporation Tax Act 2010 s327).

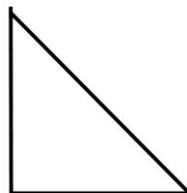
In relation to diverted profits tax, the term is explained in Finance Act 2015 s116(2).

straight line method

Method of calculating **depreciation** whereby the charge is the same figure for each year of the estimated life of the **fixed asset**.

So if a fixed asset cost £6,000 and is estimated to last for six years, under the straight line method, a depreciation charge of £1,000 would be made for each of six years.

The name comes from the graphic representation. If the years are numbered on the x-axis, and the depreciated value on the y-axis, the graph will show a straight descending line thus:



straightline restriction on allowable expenditure

Term used in Taxation of Capital Gains Act 1992 s46. It relates to the calculation of a gain on a **wasting asset**.

stranger

In law, a person who was not a party to proceedings or a transaction but who becomes involved. For example, under Bills of Exchange Act 1882 s56, a stranger who indorses a bill of exchange incurs liability of an indorser to a holder in due course.

strap

In investing, a security that is similar to a **strip** but which has two calls and one put on a share or other security.

Strategic Accounting Framework (SAFE)

Computer system introduced by HMRC in phases during 2006/07 "for the collection and accounting of the miscellaneous charges previously dealt with by the Network Units in Cumbernauld and Shipley" (Inspectors'

Manual at DMBM100110).

It also provides IT support for pension simplification charges and legal costs.

- Strategic Health Authority** Body established under National Health Services Act 2006 s13 and abolished by Care and Social Health Act 2012 s33.
- strategic highway company** Company so appointed under provisions of Infrastructure Act 2015 s1.
From 1 April 2015, such a body may claim back VAT input tax (Value Added Tax 1994 s41(7)(c)(I)).
- Strategic Investment Fund** Government fund launched in the Budget 2009 "to support advanced industrial projects of strategic importance". The initial fund was £750 million. One third is designated to low-carbon projects.
- strategic management accounting** Branch of management accounting which lays particular emphasis on the financial implications of factors outside the business.
- strategic plan for England** In relation to dormant accounts, "means a statement containing the [Big Lottery] Fund's policies for the distribution of **dormant account money** for meeting English expenditure" (Dormant Bank and Building Society Accounts Act 2008 Sch 3 para 1(2)).
- strategic plan for Northern Ireland** In relation to dormant accounts, "means a statement containing the [Big Lottery] Fund's policies for the distribution of **dormant account money** for meeting Northern Ireland expenditure" (Dormant Bank and Building Society Accounts Act 2008 Sch 3 para 4(2)).
- strategic plan for Scotland** In relation to dormant accounts, "means a statement containing the [Big Lottery] Fund's policies for the distribution of **dormant account money** for meeting Scottish expenditure" (Dormant Bank and Building Society Accounts Act 2008 Sch 3 para 3(2)).
- strategic plan for Wales** In relation to dormant accounts, "means a statement containing the [Big Lottery] Fund's policies for the distribution of **dormant account money** for meeting

Welsh expenditure" (Dormant Bank and Building Society Accounts Act 2008 Sch 3 para 2(2)).

strategic planning

In management accounting, the process of preparing, evaluating and selecting suitable strategies to achieve the objectives of the organisation.

strategic report

A report produced by a company that "must contain —
(a) a fair review of the company's business, and
(b) a description of the principal risks and uncertainties facing the company"
(Companies Act 2006 s 414C(2)).

The duty to prepare such a report is given in Companies Act 2006 from s414A. Small companies are exempt under s414B.

strategic value analysis (SVA)

Business technique for providing a framework for ordered thinking.

strategy

"The direction and scope of an organisation over the long term: ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations" (Exploring Corporate Strategy, G Johnson and K Scholes, Prentice Hall).

stratified

Description of an amount into strata for different treatment.

The term is particularly used in the **accrual rate of class 1 national insurance** for the purposes of calculating **State Second Pension**.

Under SERPS, the entitlement accrued at the rate of 20% of **band earnings** between the lower earnings limit and (what is now) the upper accruals point. In its modified form of State Second Pension, band earnings are stratified into three strata where the lowest stratum accrues at 40%, a middle stratum at 10% and the highest stratum at 20% (subject to some annual variations).

The consequence is that people on the lowest incomes accrue entitlement at twice the normal 20% rate, while those on higher incomes accrue entitlement at an overall rate of between 20% and 40%. From 2010, there are only two strata of 40% and 10%, but the principle

remains the same.

straw

For VAT, this is generally standard-rated, as explained in VAT notice 701/15.

Straw-burning stoves may, from 1 January 2006, qualify for the reduced rate of VAT under Value Added Tax 1994 Sch 7A Group 2.

straw man argument

Debating tactic whereby, instead of challenging what a person has said, their remarks are represented as something else which is then challenged instead.

stream

Profits from this, when run as a trade, are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).

streamlined company registration

Process to be introduced by 31 May 2017 allowing for a person to make a single on-line registration of all information to register a company. The statutory provision is contained in Small Business, Enterprise and Employment Act 2015 from s15.

Streisand effect

In social science, the phenomenon whereby an attempt to hide, remove, or censor a piece of information has the [unintended consequence](#) of publicizing the information more widely, often facilitated by the [Internet](#)."

The term is named after the singer Barbra Streisand. She unsuccessfully sued photographer Kenneth Adelman and a website for breach of privacy in displaying an aerial photograph of her home. Before her action, the picture had been downloaded six times. Following the case, it was downloaded 420,000 times.

strength

In terms of alcoholic liquor, "means its alcoholic strength computed in accordance with this section, the ratio referred to in paragraph (c) above being expressed as a percentage" (Alcoholic Liquor Duties Act 1979 s2(2)).

"The alcoholic strength of any liquor is the ratio of the alcohol contained in the liquor to the volume of liquor (inclusive of the alcohol contained in it) (Alcoholic Liquor Duties Act 1979 s2(2)(c)).

- stretcher** Device for carrying an injured person. In some circumstances this may be zero-rated for VAT.
In May 2004, the minimum statutory length was reduced from 2.28 metres to 1.95 metres. VAT law reflects this change of size.
- stretch fabric** For VAT on children's clothing, the size of a garment made in a stretch fabric is to be measured fully stretched.
The issue of stretchability in relation to fashion knitwear was considered in *Jeffrey Green & Co Ltd [1974] VTD 69*.
- STRGL** **Statement of recognised gains and losses.**
- stricto sensu** Latin: in its strict meaning.
- strict settlement** **Settlement** where land is held for the beneficial interest of people in succession, such as to keep land in a family. The terms for such a settlement are set out in Settled Land Act 1925.
- strike** *Industrial relations*
"Any concerted stoppage of work" (Trade Union and Labour Relations (Consolidation) Act 1992 s246).
A strike sanctioned by a trade union may be official, whereas a strike prompted by workers themselves is unofficial.
Periods on strike do not count towards continuous employment and can therefore delay entitlement to employment protection, such as from unfair dismissal.
An employer cannot generally employ employees for going on strike until they have been on strike for 13 weeks.
Employees on strike do not receive payment from their employer. Strike pay is paid by the trade union and is regarded as a refund of trade union subscription and is therefore not taxable.
Where an employee has no gross income or low income, the PAYE system can generate tax rebates. The law forbids these being paid to employees on strike (PAYE Regulations SI 2003 No 2682 para 64).
Investment
Agree a **striking price**, sometimes by a predetermined

mechanism.

strike off

Process of removal from a register, particularly the process by which a **defunct company** may be removed from the register at Companies House without the need for a formal liquidation.

Such an application may be made by the registrar under Companies Act 2006 s1000 if the registrar believes that no business is being carried on and has written to the company to enquire.

Alternatively an application may be made by the company itself under s1003. In such a case, the company is usually struck off the register three months later.

Further details are given under **dissolution**.

striking price

Price at which a security is sold by tender. Bidders make offers of varying amounts. The striking price is the figure that ensures sufficient sale is made.

striking the fiars

Old Scottish practice of fixing grain prices between counties by a sheriff and jury.

strip

Type of security

Form of tradeable security, usually comprising two puts and one call on a share or other security (unlike a strap which has two calls and one put). The puts and calls have the same expiration date.

There are some specific tax provisions, such as Taxation of Capital Gains Act 1992 s151C.

Gilts

Gilt strip (Corporation Tax Act 2009 s403).

National loan

A security issued by the government under National Loans Act 1968. Its tax provisions are set out in Finance Act 1942 s47.

stripped bond scheme

Tax avoidance scheme in which banks sold at a discount bonds stripped of their interest coupons. The clients would later sell the bonds for what the banks believed would be a tax-free return.

The schemes were found to be ineffective in *Malcolm Healey [2013]* and *Sava. TC 2625 [2013]*. Further

details can be found in HMRC's Spotlight 18.

strip search

“Search which is not an **intimate search** but which involves the removal of an article of clothing which: (a) is being worn (wholly or partly) on the trunk; and (b) is being worn either next to the skin or next to an article of underwear” (Customs and Excise Management Act 1979 s164(5)).

The person to be searched, known as the **suspect**, may require the Customs officer to refer the matter to his superior (ibid s164(3)).

The search must be done by an officer of the same sex as the suspect (ibid s164(4)).

strips of gilt-edged securities

For the purpose of the **accrued income scheme**, the tax provisions are set out in Income Tax Act 2007 s648.

strip tease

In a Norwegian case, the tax authorities held that a strip tease show was artistic and therefore was exempt from Norwegian VAT as a supply of cultural services.

Although Norway is not a member of the EU, its VAT law is closely modelled on EU VAT law and so this case provides a persuasive precedent.

(Fylkesskattsjefen v Diamond GoGo Bar. Langmannsrett. The Times 7 December 2006.)

strong beer

For historic excise duties, one of two classes of beer between 1643 and 1830. This was stronger than the other small beer. The terms were neither precisely defined nor measured; the different depended entirely on the palate of the excise officer who sampled the beer.

strong cider

Cider which is not sparkling and has an alcoholic strength exceeding 7.5% (Alcoholic Liquor Duties Act 1979 s62B(4)(b)).

strong room

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

strong water

Original name for alcoholic spirits.

structural assets In the context of insurance companies “means —
(a) shares, debts and loans the value of which is required to be entered in lines 21 to 24 of Form 13 in the periodical return (UK insurance dependants and other insurance dependants), and
(b) assets of such other description as are specified by regulations made by the Treasury”.
(Finance Act 1989 s83XA(3)).

structural deficit One of two elements of the **Budget deficit**. The other is the **cyclical deficit**.
HM Treasury glossary says that structural deficit “occurs when government spending exceeds tax receipts. A government can run a structural deficit even if the economy is growing strongly. Consequently, it can only be tackled by reducing government spending or raising taxes.”

structural engineer Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
4 January 2011	14.5%
1 January 2010	13%
1 December 2008	11%
1 January 2004	13%

structured enquiry form Any form which asks a question in a structured way, particularly the way that payrollers may ask HMRC technical questions using its website.

structured finance Term that has been used in different contexts to mean a range of situations from proper financial arrangements through to deliberately deceitful arrangements. In the **Enron** scandal, the term was used for the practice of creating supposedly independent bodies to hide losses.

structured finance arrangements The provisions are set out in Taxation of Capital Gains Act 1992 s263E.

structured query language (SQL) In computing, malicious code that is inserted into

computer systems as a means of copying its contents.

structured settlement

Damages set out as a lump sum and an annuity, as allowed for in Damages Act 1996.

student

Person engaged in studying.

For PAYE, there is a special procedure using form **P38(S)**. This form may be completed by a student who:

- is in full-time education;
- works only during the three main holidays;

and

- whose total taxable income for the tax year is less than the personal allowance.

Completion of the form allows the employer to make payment without deducting income tax under PAYE. If the employee does start to earn more than the personal allowance or ceases full-time study, the employer must obtain a tax code from HMRC and use the BR tax code until then.

For Customs, "a person attending a school, college or university in the EC for full-time study" (Customs notice 3).

student hall of residence

This is specifically exempt from council tax.

student information

In relation to educational qualifications, this term is defined in Small Business, Enterprise and Employment Act 2015 s79(6).

student loan

Loan provided to a student in tertiary education. The loan is recovered by deductions from subsequent pay at 9% of earnings above a threshold.

students' union

A university students' union was not allowed to claim exemption from VAT for cultural entertainments under Value Added Tax 1994 Sch 9 Group 13 Note 2(c). Its officers received bursaries which meant that it was not run on a voluntary basis.

Keele University Students Union [2009] TC 82.

Student Tax Advice Campaign

Programme started by HMRC on 3 March 2008 to help students understand their tax responsibilities.

stumer	Forged banknote, forged cheque, swindle or swindler. In the first world war, the term also meant a dud shell. The origin of the word is unknown.
Sturgeon, Nicola	Scottish SNP politician (1970-) who has been First Minister of Scotland since 19 November 2014.
Stylophone	Electronic musical instrument played with a stylus on a metal keyboard. It was manufactured between 1968 and 1975, and again from 2007. A court case (<i>The Times</i> 13 October 1970) held that this was not a "keyboard instrument" and was therefore not exempt from purchase tax.
sub	(1) Abbreviation of subsidy , particular in the sense of providing a worker with some money before he is due to be paid. (2) Prefix denoting something with is less important or one link down the chain.
sub-agent	Person appointed as an agent by someone who is already acting as an agent.
subbie	Colloquialism for a subcontractor.
sub-club	Part of a club that operates with some degree of independence. For VAT, a sub-club is only treated as a separate body if it can be demonstrated "that it has both constitutional and financial independence from its parent organisation" (VAT leaflet 701/5).
sub colore juris	Latin: under the colour of the law.
subcontract	Engage a person to do some of the work which you have been engaged to do, such as when a builder engages the services of an electrician or gas fitter.
subcontractor	Someone a contractor engages to do some of the work for which you have engaged the contractor.
sub-division	In relation to shares, means splitting the nominal value into a larger number of lower value shares, such as splitting each £1 share into ten 10p shares. The company

law is found in Companies Act 2006 s618. The opposite process is known as **consolidation**.

sub divo

Latin: in the open air.

subduct

In law, to withdraw.

sub-fund

Part of a settlement that may be treated separately for capital gains tax purposes under a **sub-fund settlement**.

sub-fund settlement

“The trustees of a settlement (the “principal settlement”) may elect that a fund or other specified portion of the settled property (the “sub-fund”) be treated, unless the context otherwise requires, as a separate settlement (“the sub-fund settlement”) for the purposes of this Act, and the election shall have effect” (Taxation of Capital Gains Act 1992 Sch 4ZA para 1).

sub hasta

Latin: by auction.

subject access request (SAR)

Term used by HMRC for a request by an individual for information it holds about that individual. It is right under Data Protection Act. It also includes national insurance details from 1975/76.

A request through an accountant, solicitor or other professional requires written authorisation from the subject. A request for a person who has died may be made by someone entitled to settle the tax and national insurance affairs of the deceased.

subject to contract

Term used in negotiation indicating an *intention* to create contractual relations but not doing so yet. The legal authority for this comes from the case *Chillingworth v Esche [1924]*. The term is widely used in purchases of land and property.

sub judice

Latin: in the course of trial. There are some legal restrictions on the conduct of parties while a trial is proceeding.

sublease

Lease from a tenant to a subtenant. This is only legal if the lease either allows such subletting or the landlord has given consent.

sublessee	Person to whom property is sublet ; a subtenant.
sublessor	Tenant who subleases property to a sublessee .
sublet	Let a property when the lessor is himself a tenant.
sub-menu	A menu of software functions which appears when an item is clicked on a main menu .
submission	Documents, evidence and argument put to a judge or arbitrator.
sub modo	Latin: under condition or restriction.
subnational entity	County, borough, city, region or other defined area that is a recognised part of a nation and may have delegated powers to impose taxes.
sub nom	Abbreviation of sub nomine .
sub nomine	Latin: under the name of.
suboptimisation	Management term for the problem when a director is so keen on exploiting one favoured part of a business that he lets the business as a whole suffer.
subordinate legislation	“Orders in Council, orders, rules, regulations, schemes, warrants, byelaws and other instruments made or to be made under any Act” (Interpretation Act 1978 s21).
subordinated loan	Loan which ranks after others regarding payment of interest or capital.
subpoena	Summons requiring a person to attend under penalty for failure to do so.
sub-prime lending	Lending to people who cannot use the normal facilities for borrowing.
sub-prime mortgage	Mortgage for a higher-risk borrower. In the USA, the term referred to lenders with a FICO score below 620.
subprime mortgage crisis	Economic crisis which became evident in 2007 as a consequence of banks (particularly in USA) granting

mortgages to those who could not afford the repayments.

The demand for higher profits, and higher personal bonuses, prompted lenders to reduce the conditions for granting mortgages. These included the notorious **liar loans** and **125% mortgages**. In the USA, about 80% of mortgages are at variable rate. Interest rates rose in 2006 as house prices fell. This led to soaring mortgage defaults. As homes were often worth less than the mortgage, foreclosure became common, which exacerbated the problem.

The problem was further exacerbated by mortgages having been securitised into a financial product that was then traded without people being fully aware of what they were buying. When the bubbles burst, it took a while for the consequences to become fully apparent.

subpurchaser

Person who buys property immediately after the seller has purchased it. This is called a **sub-sale** and may be relieved from stamp duty.

sub-sale

When a buyer acquires goods to sell to another buyer.

Normally there are no legal consequences as the sub-sale is simply regarded as a second contract for sale. There are some special provisions regarding sub-sale as it affects **seller's lien** in Sale of Goods Act 1979 s47.

For stamp duty, the sale of a property by a purchaser to a subpurchaser. A subsale can be relieved from duty.

subscribe

Apply for shares in a new company.

subscriber

Person who applies for shares in a new company.

subscriber trunk dialling (STD)

Telephone system that allows a caller to dial a remote number directly without having to use a telephone operator. In the UK, STD was introduced between 1958 and 1979 by allocating codes for each exchange.

subscribing employee

Employee who subscribes for shares in the company that employs him. The definition includes directors.

In relation to **priority share allocations**, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s547(6).

subscription

- (1) Payment and application to buy shares in a new company.
- (2) Money paid in advance for a time-based service, such as membership of an organisation or to buy a series of publications.

The VAT position for subscriptions to a club or association are given in VAT leaflet 701/5.

subscription deduction arrangements

Arrangements between a trade union and an employer whereby a worker may agree to have his union dues deducted from wages and paid to the union. Under Trade Union and Labour Relations (Consolidation) Act 1992 s68 this requires the written authority of the worker who may withdraw that authorisation whenever he wishes.

subscription price

Price at which new shares in an existing company are offered for sale.

subsidiarity

Policy of transferring control from a central body, such as a head office or central government, to local bodies. The opposite is known as **centralisation**.

subsidiary

Company law

"A company is the "subsidiary" of another company, its "holding company", if that other company —

- (a) holds a majority of the voting rights in it, or
- (b) is a member of it and has the right to appoint or remove a majority of its board of directors, or
- (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it"

(Companies Act 2006 s1159(1).

The company which owns the subsidiary is called the **holding company** (Companies Act 2006 s136), or sometimes the **parent company**.

A subsidiary may not own shares in its holding company (Companies Act 2006 s136(1)(a)) with exceptions for

- holdings before the relevant law started;
- when acting as a representative or trustee (ibid s138);
- when acting as a trustee of an employer's pension fund (ibid s139); or

- when acting as a dealer in securities (ibid s141).

Accounting

“An entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent)” (FRS 102 glossary).

“A subsidiary is an entity that is **controlled** by the parent. **Control** is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities” (FRS 102 section 9.4).

In general terms, control determines the accounting treatment according to how much of the share capital or how many votes the parent has, thus:

- more than 50%: subsidiary
- between 20% and 50%: associate company
- less than 20%: investee company.

A subsidiary company is accounted by adding all items in its accounts to those of the parent company. To the extent that the parent company does not own 100% of the shares, this is reflected by a figure for **minority interest** shown with the capital on the balance sheet.

An associate company has the percentage equal to the shares owned applied to the company's assets and added to the parent's figures. So if P owns 40% of A, P will add to its own figures, 40% of A's turnover, assets, profit etc. There is no figure for non-controlling interest (minority interest).

An investee company is shown as an investment in the accounts. No figures from the company's accounts are added to the parent company's.

The accounting treatment for the acquisition or disposal of a subsidiary is given in FRS 102 from section 9.18.

Corporation tax

For corporation tax, the general rule is that a subsidiary is a company where the parent owns or controls more than 75% of the company (Corporation Tax Act 2009 s765).

For a sub-subsidiary, the parent must have effective control of more than 50% (ibid s766).

subsidiary account

Bank account or similar which may be used by some members of an organisation which holds another

account. An example is where a company puts money into an account for an employee to use on business.

subsidiary analysis

Bookkeeping method of keeping control of very large ledgers by splitting them. An example is where customers are broken down into four sales ledgers according to their name as A-D, E-K, L-R and S-Z. Such methods are not required for computerised accounting.

subsidiary company

Company in a group which is controlled by another (the parent company). Sometimes called **subsidiary undertaking**.

subsidiary trading company

Trading company owned by a charity.

For tax purposes, it is taxed as a trading company and not as a charity. For direct taxes, this is easily overcome by covenanted the company profits to the charity. For indirect taxes, particularly VAT, there is no tax relief.

subsidiary undertaking

Undertaking of which another undertaking is its **parent undertaking**.

subsidie

Early form of income tax charged between 1435 and 1436, based on experiments of 1404 and 1411. The subsidie was charged at 6d in the pound on annual incomes from £5 to £100; 8d from £100 to £400, and two shillings (10%) above £400. (This last rate was adopted when income tax was introduced in 1799.)

subsidies

(1) Taxes demanded by monarchs in 16th and 17th centuries for specific purposes such as wars.
(2) Plural of **subsidy**.

subsidise

Pay part of the price to assist or encourage others. At various times, the government has subsidised the sale of food or property. **Tax breaks** are a form of government subsidiary.

In relation to electricity generation, the term is given a specific meaning in Income Tax Act 2007 s198A(3) as inserted by Finance Act 2014 s56(3). This denies such activity from qualifying for tax relief under **enterprise investment scheme**.

subsidised accommodation Accommodation where the occupant does not pay the whole cost. If the balance is paid by the employer, the employee may be liable to pay income tax on the amount of the subsidy.

subsidised facilities Facilities provided at less than the full price.
When provided to an employee, this may create a taxable benefit in kind.

subsidy (1) Money given to something which is either not profitable, or where money is provided to make something affordable or to promote its use as a matter of public policy.
(2) Land tax charged between 1083 and 1163 of 72 pence per hide of land (between 60 and 180 acres depending on soil quality). The Domesday Book was compiled to form a register.

subsisting interest in possession For inheritance tax, this term is defined in Inheritance Tax Act 1984 s80(7) as inserted by Finance (No 2) Act 2015 s13.

substance (1) In accounting, information in the financial statements should show the economic or commercial substance of a situation.
(2) A chemical mixture or compound. The term is used in VAT leaflet 701/1 in relation to drugs for medical research which may be zero-rated. A substance may be solid, liquid or gas, and may be a natural or artificial product. If a gas, any zero-rating extends to cylinder rental.

substance of the document For stamp duty, examination of a document to ascertain its nature to determine the credit amount of duty payable.

substance of transactions Term used in identifying the nature of a financial transaction. This involves identifying assets and liabilities, and recognising them. Details are provided in FRS 5 paras 16-38.

substance over form One of the **qualitative characteristics** required in financial statements.

~

Transactions and other events and conditions should be accounted for and presented in accordance with their substance and not merely their legal form. This enhances the **reliability** of financial statements.

— *Financial Reporting Standard FRS 102 section 2.8*

~

In previous accounting standards, this is a basic accounting concept which requires that accounting transactions are reflected in the accounts according to the underlying substance of the transaction rather than to its legal form.

The following statement appears in FRS 5 para 14: "A reporting entity's financial statements should report the substance of the transactions into which it has entered. In determining the substance of a transaction, all its aspects and implications should be identified and greater weight given to those more likely to have a commercial effect in practice. A group or series of transactions that achieves or is designed to achieve an overall commercial effect should be viewed as a whole".

This principle can lead the accounting differing from the legal form in such areas as fixed assets acquired on a **finance lease, consignment stock** and goods bought or sold with **reservation of title**.

substandard risk

Insurance term for a risk of a claim which is higher than average.

substantial

In finance, large and significant in relation to other items.

substantial acquisition

In relation to **annual tax on enveloped dwellings**, this broadly means an addition costing at least £40,000 (Finance Act 2013 s103(1)).

substantial and habitual visits rule

Rule that is used to determine **ordinary residence** before 6 April 2013.

substantial donor

In tax, person who contributes a large sum to a charity.

Special provisions were introduced in 2006 as Income and Corporation Taxes Act 1988 ss506A-508C and Income Tax Act 2007 ss 549-557, to prevent substantial donors using charity relief for tax avoidance. The main provision is that the relief is withdrawn to the extent that

the donor receives any significant benefit.

A substantial donor is one who donated at least:

- £25,000 in the last year, or
- £150,000 in the last six years.

substantially invested

Description of **offshore fund** that holds more than 60% of its assets in interest-bearing form. There are special tax provisions for dividends paid from such a fund.

substantial non-cash asset

In company law, an asset other than cash whose value exceeds either:

- 10% of the company's value *and* £5,000; or
- £100,000.

If a transaction for such an asset is made with a director, the company must usually obtain members' approval under Companies Act 2006 s190.

substantial property transaction

In company law, a transaction which exceeds either:

- 10% of the company's value *and* £5,000; or
- £100,000.

If such a transaction is made with a director, the company must obtain members' approval under Companies Act 2006 s190.

substantial shareholder exemption (SSE)

This broadly exempts from tax the gain on selling shares where the seller owned at least 10% of the shares for at least 12 months out of the previous 24.

The law is contained in Taxation of Capital Gains Act 1992 Sch7AC and applies for periods after 31 March 2002.

substantial shareholding

For accounting, any shareholding of more than 3%. Such a shareholding must be disclosed in the company's accounts, identifying the shareholding and percentage of shares held.

substantially unfurnished

Description of premises which contains insufficient furnishing to allow someone to live there. Such a premises may qualify for a lower rate of **council tax** for six months.

substantive

Referring to the subject matter than a procedure. For example, a substantive motion in a debate is whether to

buy new premises. A procedural motion is whether to end discussion and proceed to taking the vote on the substantive issue.

substantive issue

The main issue in dispute in legal proceedings. This contrasts with a **preliminary issue** that deals with such matters as procedure or **hardship applications**.

substantively enacted

In relation to the accounting treatment for deferred tax: "tax rates shall be regarded as substantively enacted when the remaining stages of the enactment process historically have not affected the outcome and are unlikely to do so.

"A UK tax rate shall be regarded as having been substantially enacted if it is included in either:

(a) a Bill that has been passed by the House of Commons and awaiting only passage through the House of Lords and Royal Assents; or

(b) a resolution having statutory effect that has been passed under the Provisional Collection of Taxes Act 1968. (Such a resolution could be used to collect taxes at a new rate before that rate has been enacted. In practice, corporation tax rates are now set a year ahead to avoid having to invoke the Provisional Collection of Taxes Act for the quarterly payment system.)

"A Republic of Ireland tax rate can be regarded as having been substantively enacted if it is included in a Bill that has been passed by the Dail"
(FRS 102 glossary).

substantive trust fund

Trust which contains the funds for which it was set up, as against a **nominal trust fund** which holds a small amount to allow the trust to be set up.

It is common practice to create a trust with a nominal sum such as £10. This means that the trust is ready when the more valuable assets are ready to be settled into the trust.

substituted remuneration Lump sum received in lieu of normal pay. The inspectors' manual at EIM 00670 states that this is taxable as employment income under Income Tax (Earnings And Pensions) Act 2003 s62. A leading case on this is *Bolam v Muller [1947] 28TC471*.

substitute scheme	In relation to occupational pension schemes, this term is defined in Finance Act 2004 s199A(6).
substitution	<p>When one thing is used as an alternative or replacement for another.</p> <p>Substitution is a significant factor in determining whether a contract is of employment. The right to substitute a worker is strong evidence that the contract is not of employment.</p>
substitution effect	<p>One of the two labour supply responses to a change in tax policy. The other is the income effect.</p> <p>The substitution effect is when individual behaviour leads to a change in tax paid. For example, a reduction in income tax leads to greater disposable income which could boost VAT receipts from higher spending.</p>
substantive law	Law as it relates directly to matters, as opposed to procedural matters. Such law is known as adjectival law .
substitute value	Value that may be used when stock is transferred between businesses. The matter is discussed in the Inspectors' Manual at BIM33500.
substratum	Old term literally meaning bottom or basis. A company may be wound up if its substratum has gone, namely when the basis for which the company was formed is impossible to continue.
sub-subsidiary	Subsidiary of a subsidiary.
subtenancy	Tenancy where the property is let by someone who is himself a tenant and not the landlord.
subtenant	Tenant who occupies property from another tenant, and not from the landlord.
subtotal	Total to which further figures may be added. It is sometimes hyphenated as sub-total.
subtraction	<p>(1) Mathematical process of reducing one number by another.</p> <p>(2) In law, neglect or refusal to perform a duty or a</p>

	service.
subvention	Another term for subsidy .
sub voce	Latin: under the title.
SUCB	Single use carried bag.
succession	Process by which one person takes over the rights, duties or property of another, particularly the right to take over property on death. The law on this is explained in executorship .
succession duty	One of the death duties . It was charged under Succession Duty Act 1853. The duty was repealed by Finance Act 1949 s27 from 30 July 1949. The current equivalent is inheritance tax .
succession planning	Human resources term for the processes put into place to replace key people as necessary.
Succession to the Crown	<p>Right to accede to the British throne. This is governed by a mixture of tradition and statute law, and (historically) by force. Succession to the Crown Act 2013:</p> <ul style="list-style-type: none">• restores to the succession those who have married a Roman Catholic• abolishes male preference for members born after 28 October 2011. <p>The Act will become law when equivalent laws have been enacted in the 15 other realms where the Queen also reigns.</p>
successive life interests	Arrangement when a life interest trust nominates a series of beneficiaries, so when the interest of one beneficiary expires, the benefit passes to another identified beneficiary.
successor company	<p>In relation to the tax provisions for merged venture capital trusts, this is defined in Income Tax Act 2007 s323(3).</p> <p>The term is also used to mean a company that takes over from an employing company in an employee share scheme (Inspector's Manual at BIM 44300).</p>

successor election	The designation, in writing by a donor, of a person to be assigned the rights and duties associated with the donor's account at the Charitable Gift Fund upon the donor's death. Successors are eligible only after the deaths of all donors named on the account. The donor designates an individual as the successor, or the donor may choose to recommend that one or more charitable organizations receive the proceeds of any remaining units in the account upon the donor's death.
successor in title	Person who will succeed to a right, particularly in intellectual property.
successors' annuity	In relation to taxation of pensions, the term is defined in Finance Act 2004 Sch 28 para 27FA(1) as inserted by Finance Act 2015 Sch 4 para 5.
SUD	Single-use device.
Sudan	Country of West Africa. Its currency is the Sudanese pound of 100 piastres. The UK has a double taxation convention of 1975.
Sudanese pound	Currency of Sudan.
sue	Issue proceedings in civil law.
Suff	Abbreviation: Suffolk.
sufferance wharf	Old term for what is now known as an approved wharf for Customs purposes.
sufficient but not adequate	Description of consideration for a contract. "Sufficient" means that there must be some consideration, while "adequate" means that it need not reflect the true value of the benefit received. Many valuable items have been sold for a nominal £1 as a means of creating a contract for what in reality is a gift or disposal.
sufficient ties test	For the statutory residence test , a test that is made if a taxpayer's residence cannot be determined by any of the automatic overseas resident tests or automatic UK resident tests. The taxpayer must consider four ties: family tie,

accommodation tie, work tie and 90-day tie. If the taxpayer has been UK resident for any year in the previous three tax years, a fifth tie, the country tie, must also be considered.

Residence is then determined by considering the number of ties that are met according to days spent in the UK during the tax year. The more days spent in the UK, the fewer ties must be met to be regarded as non-resident. Tables are produced of the number of ties for days spent in the UK.

suffragan bishop	Assistant bishop appointed under Suffragan Bishops Act 1534 as amended by Suffragan Bishops Act 1898.
suggestion award	Award made to an employee in respect of their suggestion. This is tax-free up to a permitted amount under Income Tax (Earnings And Pensions) Act 2003 s322.
sugging	Term coined in 2015 for the practice of fraudsters pretending to be market researchers to obtain personal details, such as for sales calls or identity theft.
suicide	Killing oneself. It ceased to be a crime under Suicide Act 1961, though assisting a suicide remains an offence under s2. A suicide may invalidate the terms of a life insurance policy.
sui generis	In planning law, the term used for any development for which there is not a use class order . Such developments include theatres, houses in multiple occupation, hostels providing no significant element of care, scrap yards, petrol filling stations, motor showrooms, retail warehouse clubs, night clubs, laundrettes, taxi businesses, amusement centres and casinos.
sui juris	Latin: of full capacity. The term describes a person who has legal capacity and is not, for example, under age, lacking mental capacity or bankrupt.
suing and labouring clause	Term in a policy of marine insurance as set out in Marine Insurance Act 1906 s78. It broadly allows those in charge of a vessel to do what is necessary to save ship and its cargo without invalidating the policy.

suit	<p>(1) Law suit.</p> <p>(2) Matching garments, such as trousers and jacket, or skirt and jacket, which are seen as smarter than normal clothes. They are sometimes prescribed as compulsory in offices.</p> <p>(3) Colloquial term for person who acts as an unthinking functionary, so-called from wearing a suit.</p>
sum	<p>(1) An amount of money.</p> <p>In relation to lease premiums, the term "includes the value of any consideration" (Corporation Tax Act 2009 s246(4) and 247(1)). For income tax, this definition is given in Income Tax Act 2007 s614DG.</p> <p>(2) Total; result of adding two or more numbers or amounts are added.</p> <p>(3) Currency of Uzbekistan.</p>
sum at risk	<p>Amount which a person risks losing. This may be in the form of start-up capital or investment.</p>
summarising	<p>Counselling skill of identifying main elements in a problem.</p>
summary dismissal	<p>Instant dismissal when an employee's conduct is such that the employer cannot reasonably expect the employment to continue during a notice period.</p>
summary warrant	<p>In Scotland, order granted to a government body or local authority to recover a debt. Provisions for its use to recover tax are given in Finance Act 2008 s128.</p>
summons	<p>Legal notice from a court served on a person who must respond.</p>
summum jus summa injuria	<p>Latin: extreme law is extreme injury.</p>
sum of the digits	<p>Method of calculating depreciation, not widely used in practice. It is sometimes known less accurately as the rule of 78.</p> <p>The method works by adding up digits representing the number of (usually) years of the estimated life of a fixed asset. Each year the depreciation charge is calculated by multiplying the asset value by a fraction. The numerator is the number of the year, starting with</p>

the highest. The **denominator** is the sum of the digits. So if an asset has an estimated life of four years, depreciation is charged as 4/10, 3/10, 2/10 and 1/10 respectively.

The method is sometimes favoured over the much more common **straight line method** as it provides greater depreciation in the early years when most fixed assets suffer the greatest loss of value. The argument against this is that there is no indication that the relative loss of values will be fairly represented by numerators based solely on the number of years.

The formula for calculating the sum of the digits from 1 to n is:

$$\text{Sum} = \frac{n(n+1)}{2}$$

sum of the relevant state pensions

Term used in Pensions Act 2014 s7(5).

sum of the years' digits

Method of depreciation which uses the **sum of the digits** method based on the number of years of an asset's estimated useful life.

sumptuary laws

Laws designed to restrict consumption.

Such laws were common in Roman times. English laws to similar effect were largely repealed by James I, and have only been re-introduced during wars.

sumptuary tax

Any tax that is imposed partly or wholly to dampen demand for social reasons. This is the basis for most **excise duties** and is a factor in other taxes. Such a tax is also called a Pigovian tax.

sums chargeable to the reserve

Sums which may be debited to an organisation's reserves.

sums payable instead of rent

Income tax treatment is given in Income Tax (Trading and Other Income) Act 2005 from s279.

SUN

Service user number, used by banks for direct debits.

Sunday

First day of the week; Christian Sabbath.

There are special laws regarding **Sunday working** and Sunday trading.

The **expected week of childbirth** for **statutory maternity pay** always starts on a Sunday.

Sunday working

Working on a Sunday.

Workers in shops and betting offices may serve a notice on their employer that they will not work on a Sunday, for which they must suffer no detriment. The law is Employment Rights Act 1996 ss36-43. The rights started on 26 August 1994 for shop workers and from 3 January 1995 for betting shop workers.

Sunderland ARC Ltd

Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).

sundry

Category of expenditure for items which do not have their own category.

sunk cost

Management accounting for an item which has been spent, cannot be un-spent, and is therefore ignored in decision-making.

Suppose someone spends £1,000 repairing a car. He then finds that he needs to spend another £1,200 to make the car roadworthy or he can spend £1,500 to buy another car which is roadworthy and of equivalent worth.

The £1,000 is a sunk cost and therefore ignored. The decision is whether to spend £1,200 on repairs or £1,500 on purchase. The former is the better option.

Sunna

Arabic: custom, divine law. The traditional sayings and teachings of Mohammed.

sunset clause

Clause in a law, contract or similar that states when the provisions will cease. Many short-term tax incentives contain sunset clauses.

suo moto

Latin: on one's own initiative.

superannuation

Pension paid to someone who is too old or ill still to work.

supercargo

Person employed by a ship charterer to sell a cargo overseas.

supererogation	In theology, good works that are not required and which may therefore be regarded as better.
super-majority	<p>Any system of voting which requires more than 50% of the votes for a motion to be carried.</p> <p>A super-majority is usually restricted to matters which are considered so serious or fundamental that a simple majority is regarded as insufficient. A super-majority typically requires two-thirds, 75% or even 90%.</p> <p>Company law requires a super-majority for special resolutions.</p> <p>In some situations, a 100% majority is required, such as to turn a limited company into an unlimited company, or for a partnership to admit a new partner.</p> <p>Scotland Act 1998 s31A (as inserted by Scotland Act 2016 s11) requires a super-majority of two-thirds in the Scottish Parliament for certain provisions, mainly relating to voting rights.</p>
super podcast	Term used by HMRC for a recorded audio explanation that can be downloaded and listened to. The first super podcast was announced on 1 March 2010 and explains to businesses how they may pay VAT, PAYE and corporation tax.
super profit	<p>Profit above that ordinarily expected.</p> <p>For example, a restaurant might be expected to earn a net profit of 15% of turnover. Any profit greater than this might be designated a super profit.</p> <p>Such figures are sometimes used to calculate commission or goodwill.</p>
super spike	Very rapid or unprecedented rise in a commodity price, as for oil in 2008.
superstitious uses	Object of a trust for the propagation of a rite not permitted by law. Such an object invalidates the trust.
supervening trade	<p>Trade which is created after a non-commercial activity.</p> <p>If someone inherits an asset and then sells it at a profit, the sale can only be taxed as a trade if it can be shown that the asset became trading stock after inheritance. The matter is discussed in the Inspectors'</p>

Manual at BIM20315.

supervision	In regard to disability living allowance , a distinction is made between attention and supervision. Attention means that another person must do something for the disabled person, whereas supervision means simply that a person must be present while the disabled person does the task
supervisor	(1) Person who is a worker's immediate boss. (2) In an IVA, insolvency practitioner appointed to oversee the IVA.
supervisor password	In computing, a password that may be used by a senior person in an organisation to access websites or perform computer functions that are not permitted by less senior staff.
super visum corporis	Latin: upon view of the body. Term for a procedure of the coroner .
supplemental deed	Deed that must be read in conjunction with another deed.
supplementary benefit	Name for an old social security benefit.
supplementary charge	Value added tax In VAT, a charge made in respect of a known future increase to counter avoidance in defined circumstances. For example, in 2010, a supplementary charge of 2.5% could be imposed in respect of the published increase in VAT rate from 17.5% to 20%. Corporation tax For corporation tax, an additional charge on the profits of the oil industry (Corporation Tax Act 2010 s330).
supplementary contribution	Further sum paid by HMRC into a child trust fund if certain conditions are met (Child Trust Funds Act 2004 s9).
Supplementary Fund Protocol	Protocol of 2003 which establishes a Supplementary Fund for pollution damage from merchant ships (Merchant

Shipping (Pollution) Act 2006 s1(1)).

supplementary petrol duty	An addition to petroleum revenue tax charged for four half-yearly periods in 1981 and 1982.
supplementary protection certificate (SPC)	European certificate issued in respect of goods confirming that they are protected by a patent .
supplementary tax invoice	An invoice issued to adjust the amount of VAT previously charged for a supply.
supplier	Person who sells goods or services to a person or business.
suppliers' payment period	Average number of days credit taken from suppliers.
supplies	In Parliamentary parlance, sums voted and grants authorised other than from the Consolidated Fund.
supply	<p>Provision of goods or services. If made in the course of a trade, a supply is subject to VAT at the appropriate rate.</p> <p>The term "supply" is wider than provision under a contract. For VAT purposes, a supply also includes free gifts, self-supply and some compensation payments.</p>
supply and demand	Basic principle of economics that any imbalance between supply and demand affects the price of goods or services in a free market.
supply relationship	<p>For the purposes of the Small Business Commissioner, "a small business has a supply relationship with a larger business or public authority if —</p> <p>(a) the small business has an agreement to supply, had supplied or may supply, goods or services to the larger business or public authority, or</p> <p>(b) the larger business or public authority has an agreement to supply, has supplied or may supply, goods or services to the small business"</p> <p>(Enterprise Act 2016 s3(10)).</p>

supply VAT	The VAT due on supplies of goods and/or services deemed to be made in the UK.
support component	<p>An addition to the basic allowance of employment support allowance that may be paid in the main phase after the assessment phase (usually of 13 weeks) has ended.</p> <p>The component is paid when someone has a limited capability for work.</p>
supported permitted work	Work up to a defined limited provided by a local authority or other body designed to assist people back into employment. Such work may be undertaken by an employment support allowance claimant.
Support for Mortgage Interest (SMI)	Part of the social security system that provides help with paying mortgage interest. It is paid directly to the lender.
supporting documents	In relation to tax in Scotland, "includes accounts, books, deeds, contracts, vouchers and receipts" (Revenue Scotland and Tax Powers Act 2014 s74(11)).
support price	Price in the EU at which a government will buy farm produce to stop its price falling.
Supported Capital Expenditure (Revenue)	Capital schemes for which the government will provide revenue support. This was introduced from 2004/2005 to provide revenue support for traditionally funded capital schemes and replaces credit approvals.
supporting documents	<p>Any written material which indicates the truth of a statement.</p> <p>Taxes Management Act 1970 s12B(6)(b) states "supporting documents includes accounts, books, deeds, contracts, vouchers and receipts".</p>
support plan	In relations to the care of an adult, a document produced by a local authority in relation to the support given to the carer of an adult (Care Act 2014 s25).
suppression veri	Latin: suppression of the truth, misrepresentation .

supra

Latin: above.

The term is sometimes used in legal reports to indicate a matter previously covered.

supra protest

Method of accepting a dishonoured bill of exchange by someone who was not an original party (Bills of Exchange Act 1882 s65).

Supreme Court

The term now usually means the final appeal court of the UK, established by Constitutional Reform Act 2005 s23. This replaced the House of Lords from 1 October 2009.

The first tax case it heard was *Grays Timber Products Ltd v HMRC* [2010] All ER (D) 31 (Feb) which held that when employer-related shares are sold for more than their true value, the excess is chargeable to income tax as employment income.

The term also means a wider system of courts.

Thus, "Supreme Court" means:

"(a) in relation to England and Wales, the Court of Appeal and the High Court together with the Crown Court;

(b) in relation to Northern Ireland, the Supreme Court of Judicature of Northern Ireland" (Interpretation Act 1978 Sch 1).

Also, Supreme Court "shall consist of the Court of Appeal and the High Court, together with the Crown Court established by this Act" (Courts Act 1971 s1). This definition is introduced from 1 February 1991.

sur

Latin: upon. The word is sometimes used to indicate on what law on action is founded.

surcharge

Additional charge imposed.

surchargeable unauthorised employer payments

Payments made from a pension fund that are subject to the provisions of Finance Act 2004 s213.

surchargeable unauthorised member payments

Payments made from a pension fund that attract additional tax charges under the provision of Finance Act 2004 s210.

surcharge allowance	In relation to corporation tax surcharge on banks, a form of group relief that may be claimed. Details are given in Corporation Tax Act 2010 s269DA(3).
surcharge on banking companies	Additional 8 percentage points of corporation tax payable by banks from 1 January 2016 under Corporation Tax Act 2010 from s269D as inserted by Finance (No 2) Act 2015 Sch 3.
surcharges on employers	Tax provided for under Finance Act 1961 s30, commonly known as payroll tax . It allowed the Treasury to impose an additional tax on employers to be collected with employer's national insurance. The tax was never implemented.
Sure Start maternity grant	Social Fund payment to a woman on means-tested benefits who gives birth.
surety	Deeds or other valuable assets which are offered as a security that someone will do something, or a person who makes a similar promise on behalf of someone else.
surface runoff	“Rainwater (including snow and other precipitation) which — (a) is on the surface of the ground (whether or not it is moving), and (b) has not entered a watercourse, drainage system or public sewer”. (Flood and Water Management Act 2010 s6(5)).
surgery	Generally surgery is not a tax-deductible expense. A leading case is Prince v Mapp [1969] 46TC169, which is discussed in the Inspectors' Manual at BIM37945.
Suriname	South American country. Its currency is the Suriname dollar of 100 cents. The UK has no double taxation treaty.
Suriname dollar	Currency of Suriname.
surplus	Excess of income over expenditure. This is the equivalent to profit for a non-trading body.

surplus business accommodation

Accommodation that has been used for the taxpayer's trade or was acquired for use in the trade within the previous three years (Income Tax (Trading And Other Income) Act 2005s21).

A trader may let out such accommodation for a period of up to three years and treat the income and expenses as being part of the trade.

surplus earnings factor

Figure calculated by reference to a person's earnings for the purposes of calculating entitlement to state second pension.

surplus-increasing transfer of assets

"A transfer of assets to the transferor's long-term insurance fund to the transferee which is not brought into account for any period of account of the transferee but increases the amount of total surplus shown in line 39 of Form 58 in any periodical return of the transferee" (Income and Corporation Taxes Act 1988 s444AEA(6)). This refers to the tax implications on a transfer of life assurance business.

surrender

Where an investment or policy is cancelled. The holder may receive a reduced payout, due to the impact of charges.

surrenderable amount

Amount of loss that a company may surrender to another company as **group relief** (Corporation Tax Act 2010 s139).

surrendering company

In **group relief**, a company that makes a loss that is offset against the profits of a **claimant company** in the same **group**. The law is contained in Corporation Tax Act 2010 Part 5.

surrender of lease

Corporation tax provisions are given in Corporation Tax Act 2009 s220.

surrender of share

Giving up a share or shares by a member of a company. The company may accept this is allowed by the **articles of association**.

surrender value

The amount of money paid to the policyholder by the insurer when certain types of life policy are discontinued

before the full benefit becomes payable.

surrendering company Company in a group which surrenders its loss relief to another group company (Income and Corporation Taxes Act 1988 s402(1)). The other company is known as the claimant company.

surrender period For **group relief**, accounting period for which a loss is passed to another company (Corporation Tax Act 2010 s142).

surtax Addition to income tax introduced in 1909. In 1973, it was replaced by income tax and the higher rate.

This additional tax on income was controversial because it broke the principle that tax paid was in relation to income. This controversy was overshadowed by proposals to impose a 20% tax on increased land values, which sparked a two-year constitutional crisis.

Although surtax has been abolished, it may still be referred to in extant tax treaties made before 30 March 1971. In such cases, relief from surtax is construed to mean relief from higher rates of income tax (Income and Corporation Taxes Act 1988 s789).

surveillance system This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

survey method In statistics, indirect method of data collection, usually when **direct observation** is not possible. Examples include asking people for opinions in questionnaires

surveyor Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
4 January 2011	14.5%
1 January 2010	13%
1 December 2008	11%
1 January 2004	13%

surviving partner

Husband, wife or civil partner who outlives their partner.

This term is widely used in pensions and retirement planning. The normal assumption is that a surviving partner needs two-thirds of the income of the couple. Some expenses, such as food, halve on the death of a partner while other expenses, such as house insurance, remain the same.

A pension can have provisions for a surviving partner in a **joint life annuity**. A pension without such provision is known as a **single life annuity**.

For a private pension, choosing a joint life annuity can lead to a significant reduction in the amount of pension paid. The amount depends on the age of the partner which a greater reduction for a younger partner. A choice must also be made of how much of the pension should be paid to the surviving partner. The figure is usually 50% or two-thirds, but can be 100% or any other percentage.

On average, men marry women three years younger. If a 65-year old man with a 62-year old wife retires with a pension fund of £100,000, recent annuity rates indicate that he could receive a **level pension** of £616 a month. This would stop when he dies. To provide a pension to a surviving partner reduces the monthly pension to £519 for 50% pension, £501 for a two-thirds pension, or £473 for a full pension.

If the pension is **index-linked** the payments to the surviving partner are also index-linked.

If there is a **pension guarantee**, the payments to the surviving partner start when the guarantee period has finished.

For **occupational pensions**, the provision of a pension for a surviving partner depends on the terms of the scheme. The maximum allowed is two-thirds. Such schemes also often include provisions for further pensions to children under 18, usually to a maximum of two-thirds of the surviving partner's pension, which is four-ninths of the full pension.

surviving spouse

A partner to a **marriage** who outlives the other.

From 1 January 1996, a surviving spouse must live for 28 days after their partner's death to inherit. This provision is contained in Administration of Estates Act 1925 s46(2A) as inserted by Law Reform (Succession) Act

1995 s1.

survivorship	Living after someone else, and the rights that follow from doing so.
survivor's pension	Term used in Pensions Act 2014 s7 in relation to a state pension entitlement inherited from a spouse.
survivorship clause	For inheritance tax, a condition that someone must survive to inherit. The disposition is treated as being made when the potential entitlement arises, except that a disposition that involves transferring property more than 12 months later does not give rise to a disposition until then. The law is Inheritance Tax Act 1984 s92.
suspect	"Person who is not yet the subject of formal criminal proceedings" (website of the Crown Prosecution Service).
suspend	Stop doing something for a while, such as not allowing a particular company's shares to be traded while a matter is investigated.
suspended beer	Term used in Customs notice 226 to mean beer subject to suspended duty .
suspended committal order	In relation to court proceedings to recover a debt, "an order for the debtor's committal to prison. However, it will not take effect immediately. The order for the debtor's committal to prison is suspended, that is will not take place [sic], if the debtor attends a new date to be questioned, takes the oath and answers questions" (HM Courts & Tribunals Service notice EX 324).
suspended order	Order committing a debtor to prison for non-attendance at court, but which will not be enforced if debtor attends on a second request.
suspense account	Account to which one side of a double entry is posted when the true account is not known, such as when a payment is received but its purpose is not obvious. The suspense account allows the books to balance while the true account is identified. The appropriate adjustment is then made by a journal entry. The existence of a balance in the suspense account is a reminder that

the matter must be investigated.

suspension of penalties

Procedure introduced from 1 April 2010 in relation to tax penalties.

Suspension may only apply for penalties that would otherwise be for carelessness. There is no suspension for penalties that arise from negligent or fraudulent conduct.

Suspension means that no penalty is imposed but, for the taxpayer must follow conditions imposed by HMRC to ensure that such carelessness does not arise again. The original penalty is suspended for two years. If no further penalty arises in this period, the original penalty is then cancelled.

suspension system

One of two methods by which Customs administers **inward processing** relief. The other is **drawback system**.

This applies when goods are imported for processing before being exported again. The re-exported goods are known as **compensating goods** or **equivalent goods**.

Suspicious Activity Report (SAR)

Report of activity that appears to indicate financial activities relating to proceeds of crime, money-laundering or terrorism. It can lead to confiscation of assets under Proceeds of Crime Act 2002.

sustainable drainage

Term defined in Flood and Water Management Act 2010 Sch 3 para 2. This Act also introduced Water Industry Act 1991 s106A.

sustainable growth

“Economic growth that can continue over the long-term without damage to the environment or the exhaustion of non-renewable resources” (HM Treasury glossary).

SV

Abbreviation used in Income Tax (Trading and Other Income) Act 2005 s166(3) in relation to waste disposal.

SVA

(1) Single vehicle approval.
(2) Shareholder value analysis.
(3) Strategic value analysis

SVC

ISO code for El Salvador colon.

SVO	Straight vegetable oil.
svp	S'il vous plait. French: if you please.
SVR	Scottish Variable Rate of income tax.
SW	South west.
swag	Booty obtained from burglary or other illegal activity. The term originally meant one's possession as put in a back and carried on a stick. The term comes from the Norwegian word "svagga" which means to sway.
swagman	Australian term for itinerant labourer.
swag-shop	Shop used for fencing stolen property.
swamping	"Incidental finance income that arises from the working capital of a business will be exempt and a finance company partial exemption will be introduced. It will no longer be possible to shelter large amounts of finance income from a [controlled foreign company] charge by the trading activity carried on by the CFC, a practice known as "swamping" (HMRC consultation document on controlled foreign companies. June 2011).
Swan	Swanston's Chancery Reports, law reports for 1818 and 1819.
swap	Exchange of one thing for another. The term is particularly applied to a financial instrument that is exchange for another.
Swaziland	African country. Its currency is the lilangeni (plural emalageni) of 100 cents. This is kept at par with the South African rand which is also used as currency. The UK has a double taxation agreement of 1968.
swear	"Includes affirm and declare" (Interpretation Act 1978 Sch 1).
sweating	Practice of removing small particles of precious metal from a coin so as to be unnoticeable.

sweatpants	These may be zero-rated if they qualify as children's clothing, as explained in VAT Notice 714. The issue was considered in the case <i>BG Supplies (Birmingham) Ltd [1993] VTD 11663</i> .
sweat shop	Place of work where a person is made to work very hard for minimal wages, often in poor conditions.
Sweden	European country that is a member of the European Union. Its currency is the Swedish krona of 100 ore. The UK has a double taxation convention of 1983. The UK also a double taxation convention signed in 2015 but not yet in force.
Swedish marshmallow	Sweet product similar to marshmallow. The VAT tribunal held that it was confectionery in <i>E Round & Son Ltd, VTD 2069</i> .
sweeper	Term sometimes used for what was Schedule D Case VI income. The term means a provision that sweeps up income not taxed under other schedules. This meaning is used in BIM14030.
sweepstake	Form of betting (particularly in racing) where each punter chooses an entrant and the winner takes all amounts staked, sometimes less a cut for the organiser. A sweepstake is generally exempt from betting duties.
sweeteners	For VAT, these are zero-rated as food. This covers both natural products such as honey and sugar, and artificial products such as saccharin, aspartame and sorbitol (VAT notice 701/14).
sweetheart deal	Arrangement where existing customers receive preferential terms. The term has also been applied to tax arrangements allegedly negotiated between large companies and HMRC. Such deals were allegedly made for Vodafone and Goldman Sachs.
sweets	Confectionery Sweets are within the definition of confectionary under

the provision of Value Added Tax 1994 Sch 8 Group 1 Note (5)

They have been defined as “sweetened prepared food which is normally eaten with the fingers” in the case *Unibev [2004] VTD 18437*.

Sweets are standard-rated as they are excluded from zero-rating for food. There have been many marginal cases on what comprises sweets rather than food.

Wine

In previous centuries, the word was sometimes used in excise Acts to mean sweet wine.

sweet wort

In brewing, mixture formed by mixing the grist with hot water. The sweet wort has material added to remove unwanted solid material and provide the wort for brewing.

SWIFT Bank Identifier Code (BIC)

For international banking, the equivalent to the **sort code**.

For HMRC bank accounts, the BIC is CITIGB2L.

swimming pool

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

swindle

Cheat by means of trickery.

Swindon Urban Regeneration Company Ltd

Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).

Swing Riots

Riots of agricultural labourers in English southern counties between 1830 and 1833 in protest at their working conditions and the introduction of threshing machines.

swipe card	<p>Plastic card that gives access to premises or stores money.</p> <p>VAT notice 701/5 gives advice on when such cards are used for bar purchases in a club.</p>
Swiss bank	<p>Bank in Switzerland, which is renowned for protecting customer privacy. As a result, it is known that such accounts are widely used for improper purposes including tax evasion.</p> <p>Under an agreement reached between the UK and Swiss authorities in 2011, Swiss banks will from 2013 deduct a withholding tax of 48% on interest income, 40% on other income and 27% on capital gains incurred by British taxpayers. Alternatively the taxpayers may authorise the banks to disclose details to HMRC.</p>
Swiss Bank Settlement	<p>Arrangement whereby Swiss banks made payment to people used as slaves or forced labourers in the second world war. On 16 December 2015, it was announced that payments under this scheme are exempt from inheritance tax.</p>
Swiss franc	<p>Currency of Switzerland.</p>
switching	<p>In investment, practice of moving an investment (or part of it) from one fund to another.</p> <p>There is usually a cost of doing so in the form of either (or both of) a management charge from the fund provider, or a spread in that the old investment is sold at a lower rate than the new one is bought.</p>
Switzerland	<p>European country that is not a member of the European Union. The currency is the Swiss franc of 100 rappen or centimes.</p> <p>The UK has a double tax protocol of 2009 and an exchange of letters in 2012.</p> <p>A UK/Swiss international tax treaty was agreed with effect from 1 January 2013 for untaxed income deposited in Swiss banks. The treaty gives such taxpayers the choice of declaring their income to UK tax authorities or (from 31 May 2013) having a withholding tax deducted by the Swiss authorities.</p>

sword dollar	Scottish silver coin in the reign of James VI of Scotland. It was worth 2s 6d (12½p) in English money.
SWP	Skill with prizes , type of amusement machine that is not regarded as an amusement machine for VAT purposes.
SWR	Scotch Whisky Regulations 2009.
syllogism	<p>In logic, a proposition from which a proof may be inferred.</p> <p>The simplest example is if A = B and B = C, then we may infer that A = C. Tax cases are full of syllogisms.</p>
syndicate	<p>Group of people who are so organised for a common purpose, particularly in providing insurance at Lloyd's.</p>
syngas (SNG)	Synthetic gas which basically comprises carbon monoxide and hydrogen and is made by a process such as steam reforming of natural gas. The gas may either be used for heating and power, or is sometimes used for producing other products.
synthesis	Form of logic developed by Aristotle, which advances a thesis, advance the opposite known as the antithesis, and then reconciles them to a synthesis.
synthetic turf	This was held to be plant when rolled out like a carpet for indoor football in <i>Anchor International v Inland Revenue [2004]</i> .
SYP	ISO code for Syrian pound.
Syria	Arab country. Its currency is the Syrian pound of 100 piastres. The UK has no double taxation treaty.
Syrian pound	Currency of Syria.
syrup	Syrups used to make drinks are standard-rated for VAT. They are specifically excepted from the scope of zero-rating for food by Value Added Tax 1994 Sch 8 Group 1 Note 4.

SYSC	Part of the Financial Services Authority Handbook that deals with senior management arrangements, systems and controls.
system requirements	<p>In computing, the hardware and software which a person must have for a new piece of software to work.</p> <p>The requirements are usually expressed in terms of:</p> <ul style="list-style-type: none">• how much hard disk is required;• the minimum size of RAM need;• what operating system must be installed;• what hardware equipment must be present (eg CD drive, scanner, DVD drive etc); and• any other programs which must be already installed.
systems analyst	Person who analyses a procedure to determine how a computer program may be written to perform the task.
SZL	ISO code for Swaziland lilangeni.

T

T	<p>Tax code</p> <p>Suffix for a tax code. This suffix does not indicate the allowances to which a person is entitled, as do other suffixes. A T code may only be changed by direct instruction from HMRC.</p> <p>National insurance</p> <p>National insurance contribution letter for ocean-going mariners who pay the reduced rate.</p> <p>Other meanings</p> <p>(1) Old Roman numeral for 160.</p> <p>(2) In relation to tapered reduction in annual allowance for pension contributions, the individual's adjusted income for a tax year (Finance Act 2004 s228ZA(1) as amended by Finance (No 2) Act 2015 Sch 4 para 10).</p>
T+	Abbreviation sometimes used to indicate the number of days taken to settle a transaction.

T\$	(1) Abbreviation: pa'anga, currency of Tonga. (2) Abbreviation: Trinidad and Tobago dollar.
T1 status	HMRC term for goods not in free circulation .
TA	(1) Territorial Army. (2) Training Agency . (3) Temporary admission , of goods for Customs purposes. (4) Telegraphic Address. (5) In relation to residence nil rate band for inheritance tax, means the amount on which tax is chargeable under Inheritance Tax Act 1984 s32 or s32A. This term is given in Inheritance Tax Act 1984 s8M(6) as inserted by Finance (No 2) Act 2015 s9.
TAAR	Targeted Anti-Avoidance Rule .
tab	Tally or financial record. The term is particularly used for a running account, such as for food and drinks progressively consumed at a function.
TAB	Technical Assistance Board, part of United Nations.
table	Chart of numbers, indices or similar laid out according to selection criteria. Tax tables are produced for PAYE.
Table A	(1) Under company law, draft regulations for the management of most companies. (2) PAYE tables that provide tax adjustment figures. These calculate either free pay or an additional amount for K codes . (3) List of taxable benefit (social security benefits subject to income tax) as set out in Income Tax (Earnings And Pensions) Act 2003 s660.
Table B	(1) Under company law, draft memorandum of association for a private limited company. (2) PAYE tables that calculate tax payable from a figure adjusted after using Table A . (3) List of social security benefits that are not subject to income tax, as set out in Income Tax (Earnings And

Pensions) Act 2003 s677.

table beer

Class of beer in the early 17th century which was excised at a rate between strong beer and small beer.

Table C

Under company law, draft **memorandum of association** for a company limited by guarantee and having no share capital.

Table D

Under company law, draft **memorandum of association** for a company limited by guarantee and having share capital.

Table E

Under company law, draft **memorandum of association** for an unlimited company that has share capital.

Table F

Under company law, draft **memorandum of association** for a public limited company.

table football game

Such a machine is specifically excluded from the scope of **amusement machine licence duty**.

table tennis

A table tennis player may retire on a personal pension at the age of 35, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing

documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

tablets

For VAT, tablets are generally not regarded as food, even if nutritious and palatable. Fruit and vegetable tablets were denied zero-rating in *National Safety Associates of America (UK) Ltd [1995] VTD 14241*.

Other types of tablet follow the VAT treatment for **medicine**.

tabula in naufragio

Latin: plank in the shipwreck.

The term relates to the rights of mortgagees of a ship that has sunk.

tabula rasa	Latin: a clean slate.
TAC	(1) Trades Advisory Council. (2) Tobacco Advisory Committee. (3) Total Allowable Catches, term used in fishing rights.
T account	Historic method of drawing up an account. A large letter T is drawn. The name of the account is written above the upper horizontal. The debits are recorded on the left of the vertical line, and the credits on the right. This may include any balance brought forward from a previous account. The balance carried forward is whatever figure has to be added to one side to make the totals the same.
Tachwedd	Welsh: November.
tacit relocation	Process under Scottish law whereby a tenant of agricultural property can stay on if neither party terminates a lease and the tenant inherits the interest in the property on the death of the previous holder. Under Inheritance Tax Act 1984 s177, the value of this inheritance is not subject to inheritance tax.
TACOS	Terms and conditions of service.
TAD	Transit accompanying document.
tag	Identifier attached to something. Items in a corporation tax return are tagged using iXBRL from 1 April 2011.
tag day	American term for a flag day .
tailings	Residual powder after gold ore has been extracted from mined rock. It is possible to extract gold from tailings. This is treated as winning minerals.
tail swallowing	Definition Sale of sufficient rights to buy shares in a rights issue. For example a rights issue may allow a person to buy 110 shares at 100p or receive a payment of 10p for each right. If the person sells 100 rights he realises £100, enough to use the remaining rights to buy 10 shares.

Formula

The formula to calculate the number of rights to sell is:

$$N = \frac{QS}{R + S}$$

where N is the number of right to sell

Q is the number of rights offered

S is the price of the share under the rights issue

R is the value of thr right.

Tax implication

Tail swallowing is subject to a special provision in relation to **share incentive plans**. Under Income Tax (Earnings And Pensions) Act 2003 Sch 2 para 77, the trustees have the power to sell sufficient rights to use the remainder of the rights to buy shares. This is subject ti any direction given by a scheme participant.

tainted charity donation

Relievable charity donation where the donor receives a benefit as set out in Income Tax Act 2007 s809ZJ or Corporation Tax Act 2010 s939C. This is added by Finance Act 2011 Sch 2.

The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s257A.

tainted donation

Another name for a **tainted charity donation**.

tainted donation provisions

These "are —

(a) this chapter [Income Tax Act 2007 Pt 13 Chapter 8],

(b) section 257 of TCGA 1992 ...

(c) Part 21C of CTA 210..."

(Income Tax Act 2007 s809ZJ(3)).

tainted gift

Gift made within six years of the offence which funded it (Proceeds of Crime Act 2002 s77).

Taiwan

Island country in Pacific Ocean. It originally claimed sovereignty over the whole of China. Its currency is the New Taiwanese dollar of 100 cents. The UK has a double taxation agreement of 2002 with an annex.

Tajikistan

Eastern country. Its currency is the somoni of 100 dirams. The UK has a double taxation agreement of 2014 which

came into force on 16 March 2015.

taka

Currency of Bangladesh.

take-home pay

Amount an employee actually receives. It represents **net pay** subject to any further deductions, such as loan repayments.

taken offshore

In relation to **foreign income and gains** under the remittance basis, this expression is defined in Income Tax Act 2007 s809Z9(2).

take-off weight

In relation to air passenger duty and aircraft, means "the total weight of the aircraft and its contents when taking off" (Finance Act 1994 s29(2)).

The section continues by distinguishing those with such a weight of less than 5.7 tonnes, and those with a weight equal or greater.

In relation to rates of duty Finance Act 1994 s30 uses the same difference, but makes a distinction for aircraft of 20 tonnes and above.

takeover

One company buying another.

In relation to corporation tax relief for an employee share scheme, "there is a takeover of a company when another company (the acquiring company) acquires control of it" (Corporation Tax Act 2009 s1023(3)).

take-over bid

Attempt by a company to acquire another. The former company is called the **acquirer** and the latter the **target**.

Such bids are regulated by **Takeover Directive**. Takeover bids are defined in accordance with that Directive (Companies Act 2006 s953(9)).

The expenses of such a bid are usually regarded as capital rather than

Such bids are regulated by **Takeover Directive**.

Takeover Code

Code of practice which regulates takeovers.

takeover offer

Offer to acquire a controlling interest in a company.

The term is fully defined in Companies Act 2006 s974.

Takeover Panel	Term sometimes used to mean the Panel on Takeovers and Mergers .
Takeovers Directive	EC Directive on Takeover Bids, 2004/25/EC. Compliance with this directive is a function of the Panel on Takeovers and Mergers (Companies Act 2006 from s942).
takeover target	Company which is vulnerable to a takeover.
take silk	Become a Queen's Counsel , when a barrister exchanges his stuff gown for a silk gown.
take up	Accept or utilise a financial arrangement, such as an offer to buy shares.
take up rate	Number of people who accept an offer as a percentage of those eligible to do so. The term is commonly used in connection with rights issues and social security benefits.
taking control of goods	Process of taking goods as a means of securing payment of tax. The procedure is contained in Tribunals, Courts and Enforcement Act 2007 Sch 12. The application of that procedure for tax is given in Finance Act 2008 s127.
takings	Receipts, particularly in a shop.
tala	Currency of Samoa.
talent	(1) A person's natural ability. (2) Unit of currency in ancient Assyria, Babylon and Rome.
tales	Persons in court from whom a jury may be selected.
talking books for the blind	These are cassettes, tapes, CDs or other media where a book is read. These items are zero-rated under Value Added Tax 1994 Sch 8 Group 4 if provided by a charity for the blind.
tallage	Tax imposed between 1174 and 1268 by the king on the increasingly wealthy boroughs. The word tallage was first used in 1177. There was a massive tallage in 1192 to ransom Richard I. In 1243,

tallage was levied directly on citizens rather than being compounded by the borough. This led to open protest in London in 1255.

tally	<p>Record of how many things have been done. Sometimes the term means to keep a record of amounts. The term is used for a simple process of counting and recording.</p> <p>The term originally related to a stick on which a notch was carved. The stick was then split into two with the payer keeping one half with the notch as a receipt for payment.</p>
tally clerk	<p>Person whose job it is to count and record something, particularly quantities of cargo.</p>
tally sheet	<p>Blank form on which quantities are noted.</p>
TAM	<p>Telephone answering machine.</p>
tambala	<p>One hundredth of a kwacha, currency of Malawi.</p>
tampon	<p>For VAT, this is reduced rated from 1 January 2001 under Value Added Tax Act 1994 Sch 7A Group 8. The exact scope is given in VAT notice 701/18.</p>
tampon tax	<p>Term coined in 2015 for the VAT on sanitary protection in a campaign to press the European Union to allow the reduced rate of 5% for sanitary products to be reduced to zero.</p>
tangible asset	<p>Asset which has a physical form, such as a building, furniture, chattel or vehicle.</p>
tangible fixed assets	<p>A fixed asset (also called a non-current asset) which has a physical existence.</p>
tangible property	<p>Property that may be touched, that is property that has a physical existence such as buildings, vehicles, plant and furniture. This excludes intellectual property such as copyright and patents.</p>
tanner	<p>Slang name for a sixpence.</p>

Tanzania	African country. Its currency is the Tanzanian shilling of 100 cents. The UK has no double taxation treaty.
Tanzanian shilling	Currency of Tanzania.
TAP	Total allocated to policy holders. This abbreviation is used in Income and Corporation Taxes Act 1988 s444AJ(5) in relation to life assurance business.
taper	Reduction in one figure corresponding to a change in another figure.
tapered reduction	In relation to pensions allowance, this is the amount to which the annual allowance is reduced for those earning more than £150,000 a year. The reduction is set out in Finance Act 2004 s228ZA as inserted by Finance (No 2) Act 2015 Sch 4 para 10.
taper relief	Tax relief under capital gains tax. It applied to gains that arose before 6 April 2008 and reduced the tax payable according to the length of ownership of the asset. It was replaced by entrepreneur's relief .
taper threshold (TT)	Maximum amount for which residence nil-rate band applies for inheritance tax (Inheritance Tax Act 1984 s8D(5) as inserted by Finance (No 2) Act 2015 s9(4)).
TAPS	Trader Account Payment System.
tap the admiral	Naval slang for a surreptitious breach of a cask of liquor.
Tap-Up Sunday	Sunday preceding 2 October each year when anyone could sell beer at St Catherine' Hill, Guildford, without needing a licence.
TARGET	Cross-border Euro settlement system that links CHAPS in the UK with equivalent systems in other EU states.
target company	Company which another company wishes to take over.
target cost	Cost which at which a business hopes it can provide a product or service. The target cost is usually one which is significantly less than the current cost but where it is

believed some savings may be made.

targeted anti-avoidance rule (TAAR)

Provision of tax law designed to counter the exploitation of tax rules to gain an unintended tax advantage. A TAAR usually operates by stating the criteria against which a tax benefit is disallowed. An example is Finance Act 2010 s25 for annual investment allowance.

targeted employment support (TES)

Pilot scheme offered by HMRC from November 2011 to employers with particular payroll issues.

targeting

In marketing, the means by which advertisers attempt to reach a desired audience through choice of category, choice of web site, choice of demographic, geographic location, or whatever other criteria the advertiser finds interesting.

In social security, a euphemism for **means-testing**.

TARIC

Another name for the **tariff code** used to determine Customs duties.

tariff

Any list of prices, such as for bank charges, in particular the Interrelated Tariff of the United Kingdom for the purposes of determining Customs duties.

Tariff Classification Service (TCS)

Service provided by HMRC to businesses, particularly importers, to assist in classifying goods to determine the Customs duty payable. It can be contacted on-line at classification.enquiries@hmrc.gsi.gov.uk.

tariff code

Ten-digit number used to classify imported goods for the purposes of the Customs duties. The amount of duty depends on the code and country from which the goods are imported. The code fills several volumes, as there are more than 14,000 codes.

tariff income

In relation to means-tested social security benefits, means **assumed yield**. This is the amount a claimant is assumed to be receiving from an amount of capital, such as savings.

tariff quota	<p>Form of EU preference under which limited amounts of specified goods may be imported into the EU and admitted to free circulation at a reduced or nil rate of Customs duty and Common Agricultural Policy charges.</p> <p>The quota may be expressed in terms of weight, volume, number or value.</p>
tariff receipts	<p>Term used in relation to corporation tax and the oil industry. Details are given in Corporation Tax Act 2010 s291 and Income Tax (Trading and Other Income) Act 2005 s225M.</p>
Tariff Reform	<p>Political movement from 1903 for the re-introduction of import duties to protect home suppliers.</p>
TARP	<p>Troubled Asset Relief Programme.</p>
tar sprayer	<p>“Means a vehicle which is constructed or permanently adapted, and used, solely for spraying tar on to the road or for proceeding to or from the place where it is to be used or has been used for that purpose” (Hydrocarbon Oil Duties Act 1979 Sch 1 para 13B).</p>
tart	<p>Colloquial term for someone who keeps changing banks or other financial suppliers to benefit from special offers, such as serial exploitation of interest-free periods on credit cards.</p> <p>The term has stuck, despite its derivation from its meaning of a woman of loose morals. This in turn is a contraction of “sweetheart”.</p>
taste test	<p>For beer duty, when a person tastes beer from experimental brewing without otherwise drinking it (Customs notice 226). Beer duty is not payable for such a test.</p>
TAURUS	<p>Unsuccessful attempt at computerising trading on the London Stock Exchange in the 1980s.</p> <p>The name is an acronym for Transfer and Automated Registration of Uncertified Stock. However the word is also Latin for “bull”, which also means a rising stock market.</p> <p>It was designed to replace existing computer systems in the 1980s. A poor specification less to scope</p>

creep and increased costs. The system was abandoned in March 1993, and replaced by **CREST**.

TAVRA

Territory Army Volunteer Reserve Association.

TAWB

Through air waybill.

tawdry

Description of poor quality goods.

The term is a contraction of St Audrey. At an annual fair on this day on the Isle of Ely, poor quality goods were traditionally sold.

tax

Charge levied by government to fund **public expenditure**.

The word comes from the Latin *taxo* which means "I estimate".

The element of tax is that nothing is received back directly. This distinguishes a tax from a licence or fee, such as a television licence or pensions levy or filing fee. However the distinction is not always clear cut. National insurance, for example, provides a direct link to pension and social security entitlement. Similarly fines are not seen as taxes.

Taxes are commonly distinguished between **direct taxes** paid directly to the tax authorities, and **indirect taxes** charged paid to someone else, such as a shop. Generally direct taxes are on earnings, and indirect taxes on spending.

It is also possible to charge tax in other ways, such as a **wealth tax**.

Some taxes are charged by local authorities, particularly **council tax** and **business rates**.

In relation to HMRC information powers, the word is defined in Finance Act 2008 Sch 36 para 63(1) which lists taxes.

For VAT, "tax means VAT" (Value Added Tax 1994 s96(1)).

tax abatement

Reduction of tax.

taxable amount

This term has a specific meaning for capital gains tax, when it means the amount of chargeable gain less losses and reliefs.

taxable benefit	<p>Term used in relation to taxation of an employment-related loan. The provisions are given in Income Tax (Earnings And Pensions) Act 2003 s205.</p> <p>For PAYE settlement agreements, the term is defined in PAYE regulations SI 2003 No 2682 reg 106(4).</p>
taxable benefits	<p>Social security benefits that are subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s657(3)).</p>
taxable cheap loan	<p>Term used in relation to taxing an employment-related loan as set out in Income Tax (Earnings And Pensions) Act 2003 s175(2).</p>
taxable earnings	<p>Earnings which are subject to income tax. The statutory scope of this definition is contained in Income Tax (Earnings And Pensions) Act 2003 s10(2).</p>
taxable employment and support allowance	<p>“Means any amount of employment and support allowance which is chargeable to tax under Chapter 2 of Part 10 of ITEPA (tax on social security income)” (PAYE regulations SI 2003 No 2682 reg 184A).</p>
taxable incapacity benefit	<p>“Means any amount of incapacity benefit which is chargeable to tax under Chapter 2 of Part 10 of ITEPA (tax on social security income)” (PAYE regulations SI 2003 No 2682 reg 173).</p>
taxable income elasticity (TIE)	<p>The percentage change in total taxable incomes in response to a 1% change in the net-of-tax rate.</p> <p>This reflects such changes as mechanistic effect, behavioural effect and general equilibrium effects.</p> <p>Detailed research of the TIE for Scottish rate of income tax has been published.</p>
taxable income support	<p>“means any amount of income support which is chargeable to tax under Chapter 2 of Part 10 of ITEPA (tax on social security income)” (PAYE regulations SI 2003 No 2682 reg 181).</p>
taxable input tax	<p>For VAT, input tax incurred on goods and services which are wholly incurred for making taxable supplies. This value includes the taxable element of residual input tax</p>

from the **partial exemption** method.

- taxable jobseeker's allowance** "Means any amount of jobseeker's allowance which is chargeable to income tax under Chapter 2 of Part 10 of **ITEPA** (tax on social security income)" (PAYE regulations SI 2003 No 2682 reg 148).
- taxable maximum** Maximum amount a person may be taxed.
For social security benefits, this is half the amount of benefit (Income Tax (Earnings And Pensions) Act 2003 s668).
- taxable payments** For PAYE, "means relevant payments reduced by **free pay** or, as the case may be, increased by **additional pay** (where the employee's code is not used on the cumulative basis)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
- taxable person** *Employment income*
For employment income, this is "the person to whose employment the earnings relate" (Income Tax (Earnings And Pensions) Act 2003 s13(2) or for **taxable specific income**, "the person in relation to whom the income is... to count as employment income" (ibid s13(3)).
Value added tax
For VAT, an importer who is registered for VAT and reimports goods in the course of his business (Value Added Tax Act 1994 s3).
- taxable profit (tax loss)** "The profit (loss) for a representative upon which income taxes are payable or recoverable, determined in accordance with the rules established by the taxation authorities. Taxable profit equals taxable income less amounts deductible from taxable income" (FRS 102 glossary).
- taxable specific income** Amount of a specific income which is taxable. The statutory scope of this definition is given in Income Tax (Earnings And Pensions) Act 2003 s10(3).
- taxable supply** Supply of goods or services which is not exempt from VAT. It bears VAT at the standard rate, reduced rate or zero rate.

It "is a supply of goods or services made in the United Kingdom other than an exempt supply" (Value Added Tax Act 1994 s4(2)).

taxable turnover

For VAT, total value of supplies which are taxable at the standard rate, reduced rate or zero rate. Exempt supplies are not include.

taxable unit

The person or group of people which is subject to tax.

In general this is an individual person or company or group or companies. One of the few exceptions is **council tax** which is assessed on a **household**. Until 1990, married couples were taxed as a unit. Historically tax was assessed on an area, leaving it to a **tax farmer** to allocate the tax within the individuals in that area.

tax accountant

Person who offers tax advice to clients. Such a person need not be qualified.

Under Taxes Management Act 1970 s20A, HMRC may require a tax accountant to provide papers about a client if the *tax accountant* has been convicted of a tax offence or paid a penalty for assisting in the preparation of a false tax return (under Taxes Management Act 1970 s99).

There are further provisions for a **tax adviser**.

tax accounting arrangements

In relation to a **senior accounting officer**:

- the framework of responsibilities, policies, appropriate people and procedures in place for managing the tax compliance risk, and
- the systems and processes which put this framework into practice" (Inspector's Manual at SAOG 24000).

tax-adjusted carrying value

In relation to corporation tax and loan relationship, this term is given a specific meaning in Corporation Tax Act 2009 s465B as inserted by Finance (No 2) Act 2015 Sch 7. The term is also defined in Corporation Tax Act 2009 s702 as replaced by Finance (No 2) Act 2015 Sch 7.

tax adjustment

"Means any adjustment required or authorised by law in calculating profits of a trade for corporation tax purposes" (Corporation Tax Act 2009 s180(5)).

The term is also used in Finance Act 1998 s42(1) and Finance Act 2002 s64(4) to mean any change to accounts as a result of a change in tax law, such as disallowance of a previously accepted expense. The matter is discussed in the Inspectors' Manual at BIM34095.

tax advantage

For capital gains, "means —

- (a) relief or increased relief from tax,
- (b) repayment or increased repayment of tax
- (c) the avoidance or reduction of a charge to tax or an assessment to tax, or
- (d) the avoidance of a possible assessment to tax.

(Taxation of Capital Gains Act 1992 s16A(2)).

"The term ... includes:

- relief or increased relief from tax
- repayment or increase in repayment of tax
- avoidance or reduction of a charge or

assessment to tax

- avoidance of a possible assessment to tax
- deferral of a payment of tax or advancement

of a repayment of tax

- avoidance of an obligation to deduct or

account for tax" (HMRC Guidance on Follower Notices and Accelerated Payments. 2014)

In Scotland, "a 'tax advantage' includes in particular—

- (a) relief or increased relief from tax,
- (b) repayment or increased repayment of tax,
- (c) avoidance or reduction of a charge to tax or an assessment to tax,
- (d) avoidance of a possible assessment to tax,

and

- (e) deferral of a payment of tax or

advancement of a repayment of tax. (Revenue Scotland and Tax Powers Act 2014 s65(1)).

Revenue Scotland is given powers to counter such tax advantages in Revenue Scotland and Tax Powers Act 2014 s66.

tax advantaged

Description of a scheme which is subject to beneficial tax provisions.

tax advice

"Giving tax advice covers a variety of activities. It can involve advising a client on a choice afforded to him by

legislation, for example, whether to establish a business as a sole trader, partnership or company. It could be advising on the tax implications of buying or selling an asset or business, or advising on succession planning" (Professional Conduct in Relation to Taxation 4.1).

Subsequent paras explain the professional issues.

tax adviser

Person "appointed to give advice about the tax affairs of another person (whether appointed directly by that person or by another tax adviser of his)" (Taxes Management Act 1970 s20B(10)).

In general, HMRC cannot require a tax adviser to produce papers which the adviser owns and which relate to tax advice to a client.

tax agent

Person who represents a taxpayer in dealing with HMRC.

"Tax agents play a vital role in the delivery of the tax system which could not function without them. They provide invaluable support to many taxpayers to help them comply with their tax obligations" (Consultation Document 2011).

"Someone who is appointed to discuss, correspond or transact with [HMRC] about matters they are responsible for" (HMRC website).

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1.1 HM Revenue & Customs (the Department) estimates that around eight million taxpayers receive help from third parties in completing and filing income tax and corporation tax returns each year. Third parties are responsible for filing around 65 per cent of self-assessed income tax returns, 78 per cent of Corporation Tax returns for small and medium sized enterprises, 33 per cent of end-of-year PAYE returns filed by employers and 43 per cent of VAT returns. There are around 43,000 professional tax agent firms, ranging from international corporations to sole traders representing most of these taxpayers. Others are assisted by the voluntary sector, including unpaid intermediaries who look after the tax affairs of their friends and family. This report covers professional tax agents which we have defined as those authorised and paid to act on another's behalf in their dealings with the Department. The analysis in the report covers self-assessed income tax, PAYE, corporation tax and VAT, although we recognise that tax agents will also assist taxpayers on other taxes.

1.2 Taxpayers may choose to use tax agents for a variety of reasons. Some taxpayers may consider they do not have the knowledge to manage their own tax affairs or want assurance that they are paying the right amount of tax. While others simply want to save time. Some taxpayers need help because their tax affairs are more complex. We estimate that the market for preparing tax returns in the UK is worth around £2.5 billion. Many tax agents also charge their clients for tax advice.

1.3 Tax agents are therefore an important intermediary between the Department and its customers. Most professional tax agents have hundreds of clients, so it is efficient for the Department to engage with these intermediaries to ensure that their customers pay the tax due. Recent research by the Department into tax agents' role in the compliance of small and medium sized enterprises has indicated that good agents have a positive impact, helping their clients get their tax right and reducing errors."

Engaging with Tax Agents, report by National Audit Office. 13 October 2010.

tax agent (contd)

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First, the status of authorised tax agent enables the tax adviser to deal directly with HMRC on behalf of the client taxpayer and is a valuable status for a tax adviser. The client can leave the task of explanation to, and possible negotiation with, HMRC in the hands of a professional adviser who ordinarily is expected both to be expert and experienced in revenue matters and also trusted by HMRC to be competent, reliable and honest. Many taxpayers would be likely to feel that they were at an inequality of arms in seeking to deal directly with HMRC. Ms Lang submitted that a tax adviser, even if he or she did not have the status of authorised tax agent, could win and retain clients by offering no more than the service of assisting in the preparation of tax accounts and of advising the client how to deal with any subsequent HMRC enquiries. It seems to me, however, that any adviser offering such a limited service, and not being able to deal directly with HMRC, would be likely to be at a very substantial competitive disadvantage, and would, other things being equal, find it more difficult to win and retain clients.

Lunn v HMRC [2011] EWHC 240 para 13.

tax and time calculator

Calculator which has additional keys for time and tax functions. The time functions allow it to calculate the time between two dates or times of day. The tax

	calculator allows some buttons to be pre-programmed to assist in tax calculations, such as calculating VAT.
tăxa pe valoarea adăugată	Romanian: value added tax.
tax appeal	Formal process for contesting a tax demand.
tax arrangements	Arrangements are so described "if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the main purposes of the arrangements" (HMRC Guidance on Follower Notices and Accelerated Payments. 2014).
tax assessment	Calculation by the tax authority of how much tax they believe is payable, as against a figure calculated by the taxpayer.
Tax Assurance Commissioner	Commissioner of HMRC specifically created in 2013 following criticism of the way HMRC negotiated settlements of tax disputes. Details of the role of this Commissioner are set out in an HMRC Notice of 20 December 2013.
taxation	Amount of tax payable in current year.
Taxation	Weekly magazine on tax, produced since 1927. It is currently published by Lexis Nexis.
taxation matters	In relation to judgment debts in taxation matters, "means anything, other than national insurance contributions, the collection and management of which is the responsibility of the Commissioners (or was the responsibility of the Commissioners of Inland Revenue or Commissioners of Customs and Excise)" (Finance (No 2) Act 2015 s52(15)).
taxation of costs	Process by which disputed legal fees are settled by a costs judge or taxing master of the court.
tax at source	System which collects tax automatically, such as PAYE or deduction from share dividends.

tax auditor Term occasionally used for a person who investigates tax liabilities.

tax avoidance Legal act of minimising tax liability within the law, as against the illegal acts of **tax evasion**.

In practice, a distinction is often made between **aggressive tax avoidance** (or artificial avoidance) and other forms. The former seek to apply legislation in a manner that is not intended. HMRC will often take a vigorous approach to countering such schemes, including litigation.

Tax law contains hundreds of **anti-avoidance** provisions to prevent tax being avoided other than as intended.

Avoidance schemes generally must be notified to HMRC under the **disclosure of tax avoidance schemes (DOTAS)** provisions.

Tax avoidance is countered with many specific provisions, including a section of Income Tax Act 2007 from s682.

A general principle was given in Parliament: "The House of Lords made it clear that [the Ramsay and Furniss cases] is an evolving area of law, but the emerging principles do not in any way call in question the tax treatment of covenants, leasing transactions and other straightforward commercial transactions. Nor is there any question of [HMRC] challenging, for example, the tax treatment of straightforward transfers of assets between members of the same group of companies" (Hansard, House of Commons, 10 April 1984 col 254).

There are some specific provisions relating to tax avoidance in Scotland (Revenue Scotland and Tax Powers Act 2014 from s63).

Tax avoidance involves bending the rules of the tax system to gain a tax advantage that Parliament never intended. It often involves contrived, artificial transactions that serve little or no purpose other than to produce this advantage. It involves operating within the letter — but not the spirit — of the law.

(Tackling Tax Evasion and Avoidance. HMRC publication March 2015, which distinguishes tax avoidance from tax planning.)

tax avoidance arrangements In the context of related national insurance avoidance, "includes arrangements which enable, or might be

expected to enable, a person to obtain an advantage in relation to any tax (within the meaning of Part 7 of the Finance Act 2004)" (Social Security Administration Act 1992 s132A(7)).

tax avoidance condition Term used in relation to diverted profits tax, and defined in Finance Act 2015 s86(3).

tax avoidance scheme Scheme designed to give effect to **tax avoidance arrangements**.
Such schemes must usually be disclosed to HMRC.

Tax Avoidance Scheme Regulations

The name for Statutory Instrument SI 2004 No 1864 as amended. These require tax avoidance schemes to be notified to HMRC.

tax band Range of incomes, prices or similar which is subject to one rate of tax.

tax base *General*
Sources of tax, such as by analysing the taxpaying population according to their marginal rates of income tax.

Council tax

The tax base is an assessment by each billing authority of the likely yield of a Council Tax of £1, taking into account the number of properties on which a tax can be levied. The Tax base counts properties as Band D equivalents. For setting Council Tax, the tax base is based on the District or Borough Council's number of Band D equivalent properties within each local authority area, allowing for non-collection of Council Tax and new properties.

tax bracket Band which attracts a particular tax rate, such as a band of income.

Tax Bulletin Publication produced by HMRC up to 2006. From 2007 it is replaced by **HM Revenue and Customs Briefs**.

tax burden In politics, how the obligation to pay tax falls on the individual or business.
There are different ways to classify tax burden.

A common method is **direct taxation** and **indirect taxation**. The former is where tax is paid direct to the state body (such as income tax, corporation tax and capital gains tax) whereas the latter is paid to someone else to pay to the state (such as excise duties and VAT).

Tax burden may also be determined according to how it is calculated. This may be seen as one of four methods:

- proportionate: where tax paid is directly related to amount spent and does not vary by size. VAT is an example
- progressive: where tax is paid at a higher rate for larger amounts, such as higher rates of income tax
- regressive: where tax is paid at a lower rate for larger amounts, such as employee's national insurance
- fixed amount: where tax is paid at a fixed amount, such as vehicle excise duty.

tax calculator

Calculator which has buttons that can be preset for particular calculations, such as calculating VAT on selling prices.

tax capacity assumption

Term used in relation to **group mismatch schemes** (Corporation Tax Act 2010 s938G).

tax code

Combination of letters and numbers used by an employer to calculate how much income tax must be deducted from wages under the PAYE scheme.

In the PAYE regulations, this is known simply as **code**.

tax collector

Person employed by HMRC who collects taxes.

tax complexity index

Index developed by the Office of Tax Simplification in 2014 to measure how difficult it is to understand and apply particular pieces of tax law.

tax concession

Strictly relaxation from tax rules in circumstances. Such concessions are made by HMRC.

tax consultant

Someone who advises people about their tax.

tax credit

Dividends

The amount of income tax a shareholder is deemed to have paid on receipt of a dividend. These provisions are contained in Income and Corporation Taxes Act 1988 Chapter IV.

Social security

A type of means-tested social security benefit.

They are largely governed by Tax Credits Act 2002.

There are currently just two types of tax credit:

- child tax credit
- working tax credit.

Individual savings accounts

The amount which an ISA manager can reclaim from the Inland Revenue in respect of share dividends received. This is 10% of the amount received until April 2004, when it will no longer be available.

tax credit debt

In relation to PAYE, "means child tax credit or working tax credit that the payee is liable to repay to the Commissioners under or by virtue of an enactment" (PAYE regulations SI 2003 No 2682 reg 14C(4)).

The debt may be collected by adjusting the payee's tax code. This provision applies from 6 April 2013.

tax credit functions

Specific functions of HMRC as set out in Finance Act 1989 s182(2ZA) in relation to disclosure of information.

tax date

Date on which a transaction is regarded as having taken place. For VAT, the term generally used is **tax point**.

tax deductible

Description of an expense or similar item which may be deducted from a figure which is subject to tax.

tax deduction card

Original name of the P11 form when **PAYE** was first introduced in 1944. It is now generally replaced by a computer file that performs the same function.

tax deed

Agreement between two parties that one will pass to the other the benefit or detriment of any tax issue not settled at the time the deed is made.

Such a deed is often made when a business is sold with an outstanding tax issue. One party agrees either to

indemnify the other or to pass on tax refunded. It should be realised that a tax deed has the effect of adjusting the price paid for the business which could itself have tax consequences.

In the case *Teesside Power Holdings Ltd v Electrabel International Holdings BV*. EWHC 33 [2012], it was held that a tax deed agreeing to repay a tax refund does not require payment of interest on that refund in the absence of a specific provision to that effect.

tax deposit certificate Another name for a **certificate of tax deposit**.

Tax Dispute Resolution Board (TDRB)

Board established by the Commissioners for Revenue and Customs to fulfil these roles:

- making decisions and recommendations about proposals for resolving significant tax disputes
- the selection and oversight of cases within the **High Risk Corporates Programme**, and
- serving as the escalation point for cases referred from the Case Boards within Lines of Business>

Further details are given in an HMRC Notice of 20 December 2013.

tax dodge Colloquialism for any means of reducing a person's liability for tax.

tax dodger Person who seeks to avoid his or her tax liabilities. The term has been used by HMRC in press releases.

tax domicile Place which tax law considers to be a person's natural home.

taxed lease Term defined in Income Tax (Trading and Other Income) Act 2005 s287(4).

Taxes Act 1970 Income and Corporation Taxes Act 1970.

Taxes Act 1988 Income and Corporation Taxes Act 1988.

Taxes Impact Assessment Statement of how a proposed change to the tax system will impact on different taxpayers.

taxe sur la valeur ajoutée	<p>French for “value added tax”, a term that can appear on invoices from Belgium and France.</p> <p>It was originally a separate French tax which was the basis of VAT as adopted by the European Union.</p>
tax evasion	<p>Illegal act of suppressing or falsifying tax information. This is distinguished from tax avoidance that is legal, though this distinction is not always made in practice.</p> <p>A tax adviser’s responsibilities under tax evasion are set out in Professional Conduct in Relation to Taxation from para 9.1. Broadly, a tax adviser should not be involved with such work other than to assist a taxpayer in rectifying his or her tax affairs.</p>
Tax Evasion Hotline	<p>Free phone service to report suspected tax evasion to HMRC. The number is 0800 788 887. Suspicions may also be reported from the HMRC website.</p>
tax exempt	<p>Exempt from taxation. The term usually applies to bodies exempt from income tax and capital gains tax, such as embassies and certain international organisations.</p>
tax exempt cut-off	<p>Limit on tax exemption because of high income.</p>
tax exemption	<p>For controlled foreign companies from 2012, this term has a specific meaning of excluding business profits from a foreign subsidiary from UK tax if:</p> <ul style="list-style-type: none">• the tax paid in the foreign country is at least 75% of the corresponding UK tax, and• the foreign country does not operate designer rates.
tax exempt organisation	<p>A non-profit or not-for-profit, charitable organisation which, because it engages in charitable activities, does not have to pay taxes. An organisation must submit evidence of its charitable work and fulfil other requirements to receive tax-exempt status.</p>
tax-exempt pension scheme	<p>In relation to termination payments, this term is defined in Income Tax (Earnings And Pensions) Act 2003 s407(2).</p>
tax-exempt special savings account (TESSA)	<p>Form of tax-advantage savings account allowed under Income and Corporation Taxes Act 1988 s326A(1).</p>

It was phased out from 1999 when it was replaced by the **individual savings account (ISA)**.

tax expense	For accounting, "the aggregate amount in total comprehensive income or equity for the reporting period in respect of current tax and deferred tax" (FRS 102 glossary).
Tax Faculty	A faculty of the Institute of Chartered Accountants in England and Wales that is open to members and non-members.
tax farmer	Historically a person responsible for collecting taxes in an area.
tax form	Document which must be completed for the tax authorities.
tax fraud	"A person commits an offence if he is knowingly concerned in the fraudulent evasion of tax or duty by him or another person" (code of practice COP 9 para 8.1).
tax-free	Description of income or benefit which is not subject to tax.
Tax-Free Childcare	<p>Scheme introduced under Childcare Payments Act 2014, with effect from 2017. It is managed by HMRC.</p> <p>The scheme pays 20% of the cost of childcare to an annual limit of £10,000 a year, thus limiting the payments to £2,000 a year. The parents must be 16 or over, in paid work (which includes self-employment) and not paying tax at the additional rate. Funds are paid into a special bank account and may only be use for qualifying childcare.</p> <p>This scheme replaces employer-supported childcare schemes such as workplace nurseries and childcare vouchers.</p>
tax functions	<p>Range of duties performed by HMRC as defined in Finance Act 1989 s182(2) in relation to disclosure of information.</p> <p>In relation to data-gathering powers, the term unsurprisingly "means functions relating to tax" (Finance</p>

Act 2011 Sch 23 para 47).

tax-geared penalty

Amount of a penalty that relates to the amount of tax. Most tax penalties are now tax-geared, though the term is not widely used. The term can be found in Taxes Management Act 1970 s97A.

tax-generated agricultural expense

Term used in Income Tax Act 2007 s127B (inserted by Finance Act 2012 s10) in an anti-avoidance provision.

tax-generated payments

Payment that does not arise from normal transactions but is generated solely to obtain a tax advantage.

The term was used in a ministerial statement on 12 January 2012 in relation to an avoidance scheme that sought to exploit post-cessation tax relief. HMRC takes the view that the scheme is ineffective anyway, but legislation was introduced from 12 January 2012 to put the matter beyond any doubt.

tax harmonisation

Provisions which are designed to introduce common features to two tax systems. The term is applied to tax systems in different countries, such as in different EU countries, or to different taxes which have developed separately, such as income tax and national insurance.

tax haven

Country or place where tax rates are low, and where businesses may be registered to save tax.

Tax Health Plan

Limited tax amnesty offered to doctors and other medical professionals. On 11 January 2010, it was announced that if they voluntarily disclosed any untaxed income by 31 March 2010, the tax penalty would be reduced to 10%.

tax holiday

Period when a business or person is excused from paying tax.

taxi

Motor cab in which a fare-paying passenger is driven. The term originally referred merely to the meter that recorded the charge.

taxi fares

Standard-rated for VAT. Although they are a form of **passenger transport**, they are not capable of carrying at least 10 passengers as required by Value Added Tax Act

1994 Sch 8 Group 8.

tax incentive	Provision in tax law which relieves the liability to tax in one area to encourage people to do something.
tax increment financing (TIF)	<p>Method of government funding from current projects from its expected tax income stream.</p> <p>TIF is practised in most states of the USA. The Autumn Statement 2011 (para A.33) said that such funding would be considered for the UK.</p>
tax information exchange agreement (TIEA)	Agreement between the UK and another country allowing tax information to be shared between them.
taxing master	Officer of the court who deals with disputes on legal fees. Such a person is now called a costs judge .
taxing officer	Person appointed by each House of Parliament to calculate the costs of moving certain Bills (Parliamentary Costs Act 2006 s1).
tax inspector	Government employee who administers tax returns.
tax intermediary	Accountant or similar person who deals with a person's tax affairs for them. It has the same meaning as tax agent .
tax inversion	<p>American form of tax avoidance. It works by a US company buying a foreign company so that the US company can become non-resident. The law was changed in 2014 to make this arrangement ineffective.</p> <p>The term is also used for a legal arrangement whereby a company relocates, often by merger, to pay less tax. A recent example of tax inversion was the merger of IHS and Markit in 2016.</p>
tax invoice	Invoice containing data as required by VAT law. A customer must generally have a VAT invoice to be able to reclaim the VAT as input tax.
tax law	Body of law which covers taxation.

tax liability	Liability to tax, particularly with regard to imposing VAT on supplies.
tax lock commitment	Commitment made in 2015 that the government would not during that Parliament increase the rates of income tax, VAT or class 1 national insurance. The income tax lock is in Finance (No 2) Act 2015 s1. The VAT lock is in Finance (No 2) Act 2015 s2.
tax loophole	Unintended provision in tax law which can be exploited as a means for avoiding tax.
tax loss	Loss made by a business which may be offset against taxable income, either of the same trade for another period, or against income of another trade. FRS 102 includes a definition within the scope of taxable profit .
taxmageddon	Term coined during the 2012 US presidential election for President Obama's alleged indifference to the fiscal cliff .
tax month	For PAYE, "means the period beginning on the 6 th day of a calendar month and ending on the 5 th day of the following calendar month" (PAYE Regulations SI 2003 No 2682 reg 2(1)). The same definition is used for national insurance.
tax morality	Term coined by Inland Revenue chairman Sir Nick Montagu in 2002 to suggest that avoidance of tax is immoral. The term caused some surprise as taxation is entirely statute-based with no concept of fairness or equity. There have been many cases where the tax authorities have successfully prosecuted in cases widely seen as unfair.
tax-neutral transfer	Transfer within a group of companies that does not in itself create a tax liability (Corporation Tax Act 2009 s776).
tax not deducted because of the overriding limit	For PAYE, means "any tax — (a) which is due at the relevant date in accordance with the appropriate tax tables in respect of any taxable

payments or local taxable payments to date, but
(b) which has not been deducted because of the
overriding limit"
(PAYE Regulations SI 2003 No 2682 reg 2(1)).

tax obligation	Amount of tax owed by a person or business.
tax office	Local office of HMRC which deals with a person or business's tax affairs.
tax officer	Common name for a person who is legally an "office of Revenue and Customs" (Commissioners for Revenue and Customs Act 2005 s2).
tax on capital income	Tax on the income from the sale of capital assets. It is generally taxed as income.
tax on incomes	Exceptional tax on incomes imposed between 1450 and 1452 to fund war with France.
tax on moveables	An early form of excise duty imposed from 1462 on various moveable items, of which playing cards duty proved to be the most durable.
tax paid	Description of goods where all necessary duties and taxes have been paid and will not be refunded. "All taxes due on the goods wherever purchased have been paid and have not been, nor will be, refunded" (Customs notice 3).
tax payable	Amount of tax which a person or organisation must pay.
tax payable under the assessment	In relation to PAYE and self-assessment, this is given a specific meaning in PAYE regulations SI 2003 No 2682 s188(7).
taxpayers' charter	Document produced by Inland Revenue and Customs & Excise (as they then were) in 1990 setting out the basic standards taxpayers could expect from them. It gradually lost relevance, and was replaced by a vaguer service commitment, which was itself formally withdrawn in June 2008. The duty to prepare a charter is now set out in

Commissioners for Revenue and Customs Act 2005 s16A, effective from 21 July 2009.

tax penalty

Additional sum imposed for non-compliance with tax law.

tax period

Value added tax

Period covered by a VAT return. This is usually three months, but can be one month, one year, or sometimes other periods.

PAYE

The term "means —

(a) tax quarter [for simplified deduction scheme] or regulation 70 (quarterly tax periods) applies, or

(b) tax month, in every other case"

(PAYE Regulations SI 2003 No 2682 reg 2(1)).

tax planning

Process of organising the financial affairs of a person or business to minimise their tax liability.

Professional guidance

"Tax planning is legal and taxpayers are entitled to enter into transactions that reduce tax or to take interpretations of legislation that HMRC may not agree with. If HMRC wishes to challenge a particular transaction or interpretation, it may amend the return or issue an assessment accordingly. The client may then appeal against HMRC's decision through the tax tribunals and courts if necessary with the associated costs and disruption. Ultimately only the courts can determine whether a particular piece of tax planning is legally effective or not." (Professional Conduct in Relation to Taxation para 4.3 extract).

HMRC guidance

"Tax planning involves using tax reliefs for the purpose for which they were intended, for example, claiming tax relief on capital investment, or saving via ISAs for retirement by making contributions to a pension scheme. However, tax reliefs can be used excessively or aggressively, by others than those intended to benefit from them or in ways that clearly go beyond the intention of Parliament" (*Tackling Tax Evasion and Avoidance*, HMRC publication of March 2015, which seeks to

distinguish tax planning from tax avoidance.)

tax point	Date which fixes the liability for tax, particularly VAT. This is generally the earlier of the dates where the supplier raises an invoice and the customer pays for the goods.
tax pool	<p>Record of income tax paid by the trustees of a discretionary trust plus any tax deducted at source on income they received. This pool is reduced by the tax credit on income distributed to the beneficiaries. If the balance in the tax pool is less than the tax credit, the beneficiaries must pay the balance to HMRC.</p> <p>The 10% tax credit on dividends is <i>not</i> included in the pool. Although the tax paid <i>by the trustees</i> is included in the pool. This is usually 32.5% (42.5% less 10% tax credit).</p> <p>The income tax treatment of a trustees' tax pool is given in Income Tax Act 2007 s497.</p>
tax position	<p>This term is specifically defined for Scottish tax thus:</p> <p>“In this Part unless otherwise stated “tax position”, in relation to a person, means the person’s position as regards any devolved tax, including the person’s position as regards—</p> <ul style="list-style-type: none">(a) past, present and future liability to pay any devolved tax,(b) penalties and other amounts that have been paid, or are or may be payable, by or to the person in connection with any devolved tax, and(c) claims, elections, applications and notices that have been or may be made or given in connection with the person's liability to pay any devolved tax, (and references to a person's position as regards a particular tax (however expressed) are to be interpreted accordingly).” (Revenue Scotland and Tax Powers Act 2014 s120(1)).
tax presence	For PAYE, the state of an employer being in the UK and therefore obliged to operate PAYE.
tax pressure	Financial difficulties faced by a person or business because of the amount of tax imposed on them.

tax quarter	<p>For PAYE, “means any of the following (inclusive) periods</p> <p>—</p> <p>6th April to 5th July, 6th July to 5th October, 6th October to 5th January, 6th January to 5th April”</p> <p>(PAYE Regulations SI 2003 No 2682 reg 2(1)).</p>
tax rates	<p>The various percentages announced by the government as being applicable to taxable amounts.</p> <p>Rates are applied on either a slice basis (eg income tax), where slices of income are subject to different rates, or on a slab basis (such as stamp duty land tax) where a single rate is applied to the whole amount once a threshold has been reached.</p>
tax rebate	<p>Refund of tax which has already been paid.</p> <p>Under the PAYE system, tax rebates are automatically provided during the tax year. This can arise when a person had little or no income earlier in the tax year.</p>
tax reduction	<p>Reduction in income tax given in addition to person allowances and other reliefs for such things as Enterprise Investment Scheme and maintenance payments (Income Tax Act 2007 s26).</p>
tax reduction conundrum	<p>The apparent phenomenon that a reduction in any progressive tax favours the rich over the poor.</p> <p>For example a rich man pays £100,000 income tax at rate up to 50%. A poor man pays £1,000 tax at rates up to 20%.</p> <p>The government increases the personal allowance by £1,000. This saves the rich man £500 in tax and the poor man £200 in tax. Thus the increase could be represented as favouring the rich rather than the poor.</p> <p>In reality, it does not. This is simply progressive taxation seen in reverse. Despite the obviousness of this, politicians still use this specious argument whenever tax rates are reduced.</p>
tax relief	<p>Allowance which may be set against taxable income.</p>

tax relief certificate	<p>“A certificate issued by the CDFI in respect of the investment which is in the form specified by the Commissioners for Her Majesty’s Revenue and Customs” (Income Tax Act 2007 s348(1) and Corporation Tax Act 2010 s229(1)).</p> <p>This relates to eligibility for community investment tax relief.</p>
tax relief grant	<p>Grant made by the government to a housing association to relieve tax otherwise payable. The provisions are set out in Housing Act 1988 s54.</p>
TAXREP	<p>Representation on tax made by the Institute of Chartered Accountants in England and Wales to HMRC.</p>
tax repayment	<p>In relation to charitable giving, means a repayment of income tax or capital gains tax (Income Tax Act 2007 s429(5)).</p>
Tax Residence Indicator Tool	<p>An application on HMRC’s website to assist taxpayers in determining whether they are UK-resident under the statutory residence test. The tool was updated on 20 December 2013.</p>
tax results for other parties	<p>Term used in Guidance Notes on bank payroll tax. Its context requires a bank to consider the tax consequences of other parties so as not to avoid tax contrary to the intentions of Parliament.</p>
tax return	<p>Information which a taxpayer must complete regarding their liability to pay tax.</p> <p>In relation to professional conduct by tax advisers, the term “includes any document or online submission of data that is prepared on behalf of the client for the purpose of disclosing to any taxing authority details that are to be used in the calculation of tax due by a client or a refund of tax due to the client for other official purposes...” (Professional Conduct in Relation to Taxation para 3.1). The para goes on to give examples.</p> <p>“A letter giving details in respect of a return or as an amendment to a return including, for example, any voluntary disclosure of an error should be dealt with as if was a return” (para 3.2, <i>ibid</i>).</p>

tax revenue	Amount of income the government receives from taxation.
tax schedules	<p>Set of rules determining how to calculate the taxable amount of a source of income.</p> <p>Traditionally income tax and corporation tax were collected in up to six schedules indicated by the letters A to F according to the source of the income.</p> <p>These schedules were generally introduced in 1803 and finally abolished for income tax in 2005, and for corporation tax in 2009.</p> <p>In outline, the income tax schedules were:</p> <ul style="list-style-type: none">• schedule A (1803-2005) land and buildings;• schedule B (1803-1988) farming, later woodlands;• schedule C (1803-1996) public securities;• schedule D (1803-2005) trading etc;• schedule E (1803-2003) employment;• schedule F (1965-2005) share dividends. <p>Schedules D and E were further divided into cases.</p>
tax shelter	Arrangements where investments may be made without paying tax that would otherwise be due. Pension schemes are a common tax shelter.
tax shift	When the liability to account for VAT moves from the supplier to the customer, as applies under reverse charge accounting.
tax system	Methods used by the government to impose and collect tax.
tax tables	For PAYE, "means the tax tables prepared by the Board of Inland Revenue under section 685 of [Income Tax (Earnings And Pensions) Act 2003]" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
tax threshold	Point at which a liability to pay tax arises.
tax transparent fund (TTF)	Form of investment to be introduced in 2012. The tax charge is imposed on the investor rather than on the investing body.

tax treaty	Agreement between the UK government and a foreign government that deals with taxes which both countries may tax under their system. The treaty contains provisions to avoid double taxation .
tax under consideration	“The amount of tax or duty attributable to a dispute on an individual risk after taking into account the impact of losses or other reliefs” (HMRC Notice of 20 December 2013).
tax value	<p><i>Value added tax</i></p> <p>Amount on which VAT is due. This is usually the price charged for the supply, but there are some circumstances when market value has to be substituted. The term is explained in VAT notice 700.</p> <p><i>Corporation tax</i></p> <p>In relation to the disregard of tax avoidance schemes, this term is defined in Corporation Tax Act 2010 s269CK(6).</p>
tax warehouse	Warehouse authorised by HMRC for goods to be deposited before payment of excise duty. There are some special provisions for premises for storing oil.
tax wedge	<p>The difference between the cost of employing a person and the amount that person receives after tax and national insurance. This is expressed as a percentage of labour costs.</p> <p>Suppose an employee is paid £100. The employer pays 13.8% national insurance, and the employee pays £20 tax and £12 national insurance. The employee has cost £113.80 and receives £68. The tax wedge is just over 40%. Tax reliefs will tend to reduce this percentage.</p>
tax week	<p><i>Definition</i></p> <p>Period of seven days which starts on 6 April and every seventh day therefore. It is used for PAYE.</p> <p>As a year comprises 365 or 366 days, there are always one or two days outside the 52 tax weeks. These are known as week 53 for which special provisions apply.</p> <p><i>PAYE definition</i></p> <p>For PAYE, the term “means 6th April to 12th April (inclusive) and each successive period of 7 days except</p>

that the final week in a tax year ("Week 53") is just the last day of the year (or last 2 days in a leap year)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

National insurance definition

For national insurance, "one of a series of successive periods in a tax year beginning with the first day of that year and every seventh day thereafter, the last day of a tax year (or, in the case of a tax year ending in a leap year, the last two days) to be treated as a separate tax week" (Social Security Contributions and Benefits Act 1992 s122(1)).

tax year

Definition

Period which runs from 6 April to following 5 April (Income and Corporation Taxes Act 1988 s2(2)).

For income tax, "a year for which income tax is charged" (Income Tax Act 2007 s4(2)).

For PAYE, "means a year for which any Act provides for income tax to be charged" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

Value added tax

For VAT, a period of 12 months which is covered by VAT returns. The taxpayer usually has the choice of this year ending on 31 March, 30 April or 31 May.

History

Until the 12th century, the year started on 25 March, **Lady Day**. In 1752, Britain switched from the Julian to the Gregorian calendar which led to 11 days being lost. These days were added to Lady Day to make up the year. After a further day was added in 1800, 6 April has been the start of the tax year ever since.

Taylor rule

In economics, a monetary policy rule that stipulates central bank interest rates. A key element is that each additional 1% inflation should prompt an increase of more than 1% in interest rates.

The rule was first proposed by US economist John B Taylor (1946-) in 1993.

TB

- (1) Tax Bulletin.
- (2) Tuberculosis.

	(3) Treasury Bill. (4) Trial Balance.
TBA	To be advised.
TBE	Territorial business exemption.
TBM	Trust for a bereaved minor.
TBS	Teachers Benevolent Society.
TBTF	Too big to fail.
TC	Tax cases. This is the citation used in two series of tax cases: (1) From 1875, it is the series of official cases published by HMSO . The citation takes the form <i>65 TC 421</i> which means volume 65 of the series, starting on page 421. (2) From April 2003, this is also the citation for First Tier Tribunal decisions on cases regarding all taxes. The citation takes the form of TC followed by a number. (3) Training and Competence sourcebook, published by the Financial Services Authority. (4) Travellers' Cheques.
TCA	Technician in Costing and Accounting.
TCB	Thames Conservancy Board.
TCEA	Tribunals, Courts and Enforcement Act 2007.
TCF	To be called for, in parcel delivery service.
TCEx	Tariff Commune Express consignment note.
TCLS	Trivial commutation of lump sum, of a pension.
tCO₂e	Tonne of carbon dioxide equivalent. This is the unit of measure for the emission reduction units as set out in Kyoto Protocol Article 6.
TCP/IP	Transmission Control Protocol/Internet Protocol.

TCS	Tariff Classification Service.
TCSP	Trust or company service provider.
TDA	(1) Taking and driving away, a motoring offence. (2) Training and Development Agency.
TDE	Telephone data entry.
TDO	Training Development Officer.
TDP	Trainer Development Programme.
TDR	Total of disposal receipts (Capital Allowances Act 2001 s55(1)(b)).
TDRB	Tax Disputes Resolution Board.
TDSI	Tax deduction scheme for interest.
TDX	Debt collection company. In August 2014, TDX won a contract from HMRC to collect tax debts. The company is owned by Equifax .
TE	In formula for non-UK pension income, taxable earnings (Finance Act 2004 Sch 34 para 10(2) as inserted by Finance Act 2014 s45(2)).
tea	<p><i>Value added tax</i></p> <p>Tea is specifically zero-rated in Value Added Tax 1994 Sch 8 Group 1 Items Overriding The Exception No 4.</p> <p>Group 1 zero-rates food. Excepted Item 3 excepts beverages, which are generally standard-rated.</p> <p>Overriding Item reinstates the zero-rating.</p> <p>Further guidance is given in VAT Notice 701/14.</p> <p><i>Excise duty</i></p> <p>Tea ceased to be subject to excise duty in 1962.</p> <p><i>Income tax benefit</i></p> <p>Tea provided free or subsidised at work is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s317).</p>

Teach-a-steach Alba	Gaelic: Revenue Scotland (Revenue Scotland and Tax Powers Act 2014 s2(2)).
tea and sympathy	Simplest form of counselling. It involves sympathetic listening and chatting with someone, such as over a cup of tea.
tea duty	Customs duty charged from 1660 until 20 th century.
tea licence	A licence charged between 1780 and 1869 to retailers of tea, in addition to the tea duty introduced in 1660. The licence allowed the retailer also to sell coffee, cocoa, chocolate and pepper.
TEC	Training and enterprise council.
technical	(1) In finance, description of those internal factors which influence a market, such as volume of sales and market analysis, as against external factors such as inflation and politics. (2) Relating to a machine, process or procedure.
technical analysis	In investing, the study of the price movements and volumes of securities.
technical correction	In investing, when a share price moves up or down because it is realised that its previous price was too high or too low.
technical decline	Fall in share prices for reasons explained by technical analysis .
technical enemy	Country that was regarded as an enemy because it has been occupied by an enemy, such as Belgium in the second world war. The term is used in relation to the seizure of enemy assets.
technical provision	In relation to non-resident insurance companies, "means each of the following — (a) provision for unearned premiums, (b) long term business provision (c) claims outstanding (d) provision for bonuses and rebates (e) provision for unexpired risks

(f) technical provisions for linked liabilities,
(g) deposits received from reinsurers;
and in the case of the items listed in sub-paragraphs (a) to (f), the amount to be brought into account is the amount by which the gross amount exceeds the reinsurance amount" (Non-Resident Insurance Companies Regulations SI 2003 No 2715 reg 3(4)).

technical provisions

(1) Term used in Pensions Act 2004 s222(2) to mean the amount required on the basis of an actuarial calculation of the liabilities of a pension scheme.

(2) Term used in Finance Act 2007 Sch 11 para 3(7) in relation to detailed tax provisions for insurance businesses.

technical reserves

In insurance, assets which an insurance company maintains to meet claims.

technical support

Term used by software providers for a telephone service (often at a premium rate) which users can help for help in using the software.

technology

"Means information (including information comprised in software) that is capable of use in connection with:
(a) the development, production or use of any goods or software;
(b) the development of, or the carrying out of, an industrial or commercial activity or an activity of any other kind whatsoever" (Export Control Act 2002 s2(6)).

technology butler

Person employed in some hotels to assist guests with computer-related problems.

Teddy Bear

Code name for Labour government proposal of 2003 to split Treasury into a Ministry of Finance and a separate Office of the Budget and Delivery, as a means of limiting Gordon Brown's political influence. "The name Teddy Bear was chosen so as not to give away the slightest hint of its true meaning" (*The Third Man, autobiography of Peter Mandelson, p369. Published by Harper Collins*).

teddy bear hug

A gentle **bear hug**.

TEE	Trans-Europe Express.
teeming and lading	Attempt to manipulate financial records to conceal something, such as a fraud or a decline in sales. The method involves creating false records in one period which are corrected in the next.
teenager	Person aged between 13 and 19.
Tees Valley Urban Regeneration Company Ltd	Body designated as an urban regeneration company under Income and Corporation Taxes Act 1988 s79B (Urban Regeneration Companies (Tax) (Designation) Order SI 2004 No 439 para 2).
teetotaler	Person who abstains from all alcoholic drink. It dates from 1833 to distinguish those who permitted drinking in limited circumstances.
TEFU	"The Treaty on the Functioning of the European Union" (European Union Act 2011 s1(3)).
TEI	Total employment income. This abbreviation is used in Income Tax Act 2007 s496B.
telecommunication	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
telecommunications wholesale	From 1 February 2016, a reverse charge for VAT is introduced for businesss wholesaling telecommunication services. Further guidance is given in HMRC Brief 1 (2016). This should be read with VAT Notice 735.
telecommuting	Term sometimes used for homeworking , particularly when the person uses equipment such as e-mails, telephones and webcams to communicate with colleagues at a remote location.

telegram	<p>A message which could be sent by telex to a local post office who could then hand-deliver it to any address.</p> <p>The first telegram service in the UK started in 1845 though the service did not become common until the 1910s. The service was suspended in 1943 because of the war. In 1981, the telegram service became part of British Telecom.</p> <p>BT discontinued the telegram service on 31 July 2003. In the USA, Western Union sent its last telegram in February 2006, having started the service in 1851.</p> <p>In 2003 TelegramsOnLine took over the BT service. Telegrams are now only used for festive and fun occasions.</p>
telegraph	<p>Early form of electronic messaging, used from 1835. Electrical signals were sent down wires by railway lines to point to letters on a dial.</p>
telegraphic transfer	<p>Transfer of money between bank accounts in accordance with a telegraphed message.</p>
Teleos	<p>European case of 2007 on the evidence needed to demonstrate that goods have been exported. The case is <i>R (on the application of Teleos plc) v HMRC (C-409/04)</i>.</p> <p>The case established that a supplier should not be unduly penalised for relying on seemingly legitimate proof of export that later proved to be false. HMRC clarified its interpretation of this case in Brief 61/07.</p>
telephone	<p>HMRC has published statement of practice SP1/2010 on its policy in doing business by telephone. This statement was amended on 7 February 2012.</p>
telephone banking	<p>Banking services which may be transacted by telephone without the need to visit bank premises.</p> <p>It is possible to pay tax using telephone banking.</p>
telephone betting	<p>Competition where the participant's stake is paid by calling a premium telephone number. As the payment is not to the competition organiser, this is not regarded as a stake, and so no betting duty of any kind is payable.</p>
telephone data entry (TDE)	<p>Means of entering data on to a computer using a telephone. This is used for such purposes as making</p>

returns of **monthly business survey** and for confirming on-line banking transactions.

telephone number

Series of digits that accesses a particular telephone. In the UK, the issue of numbers is overseen by Ofcom. Typically a telephone number comprises a series of digits starting with 0 representing the area code, followed by further digits representing the particular telephone within the area. Most UK telephone numbers now have 9 or 10 digits.

All or some of the area code may not need dialling from a telephone in the same area. For example the 020 element of a London telephone number is not dialled from another number in the London area.

Additional charges may be incurred if dialling a number with a remote area code.

Since 2001, Ofcom has adopted the following convention for the first digits of numbers:

- 01: geographic area codes
- 02: geographic area codes (introduced in 2000)
- 03: nationwide non-geographic codes charged at the same rate wherever the call originates
- 04: not currently used
- 05: corporate numbering and voice over Internet protocol (VOIP) numbers. 0500 is used for freephone numbers
- 06: is reserved for personal numbering
- 07: mobile phones. 070 is used for personal numbering. Pagers use 076, wifi uses 079112 and 079118
- 08: freephone and special services, including 084 and 087 numbers charged at local rates
- 09: premium rate services where some of the cost is paid to the person being called.

television

A television set is standard-rated for VAT.

Specific excise duties applied to televisions and TV advertising before 1964.

For shared transmission services, the tax provisions are explained in Finance Act 1991 s78. The capital gains tax provisions are explained in Taxation of Capital Gains Act 1992 s267.

television advertisement duty

Excise duty charged on television advertisements from 1961 to 1964.

television duty

Excise duty charged on television sets from 1957 to 1963. This was in addition to purchase tax charged until 1973, and VAT that has been charged since 1973.

television entertainers

The tax and national insurance positions for various people who appear on television was considered in the case *ITV Services Ltd. TC 836*. As a result of this case, HMRC issued Brief 10/11.

television guide

The publication of a television guide by a television channel is now generally considered to be part of the standard-rated broadcasting service and not a separate supply of a zero-rated publication.

Such a separate ruling had been given in the case *British Sky Broadcasting Group plc [1999] VTD 16220*, but was not followed in the case *The Angel Foundation Ltd [2003] VTD 18818*.

television licence

Licence required to receive television signals. It collects funds that are paid to the BBC to provide public subscription broadcasting, unlike commercial television that relies on advertising. The licence is therefore a **hypothecated** tax. Its evasion is a criminal offence.

The licence was introduced as a **radio licence** on 1 January 1927, the first in the world. The television licence was first issued in 1946 at £2. The higher rate for colour televisions was introduced in 1968, and remains. The radio licence was abolished in 1971.

It is currently collected under Communications Act 2003.

television production

VAT flat rate scheme

Under the VAT flat rate scheme, the appropriate percentage is generally:

From	Percentage
4 January 2011	13%
1 January 2010	11.5%
1 December 2008	9.5%

1 January 2004

10.5%

television relief	<p>Enhanced tax relief provided for the costs of making certain television programmes.</p> <p>The relief is given under Corporation Tax Act 2009 s1216CE(1) as amended by Finance Act 2015 s39. This also extends the relief to children's television programmes.</p>
telex	<p>Means of transmitting messages down a telephone line to a terminal similar to a typewriter.</p> <p>It was developed in the 1920s and started being used from 1933. It provided a simple but reliable means of sending written messages including over long distances. The message could either be typed directly or be pre-written on to a strip of paper with patterns of holes denoting each character. This saved the cost of a connected call. About 66 words a minute could be sent.</p> <p>In the UK, telex numbers were usually five digits.</p> <p>Telex is still used, but was largely replaced first by fax machines and then email.</p>
teller	<p>(1) Person who counts the votes at an election.</p> <p>(2) Historically one of four officers of the Exchequer who received all money due to the king.</p>
telling, giving and helping	<p>Three elements of disclosure in a tax investigation.</p> <p>The term was used in a consultation document published in July 2011 about dishonest tax agents.</p>
Tell Us Once	<p>Heading for Welfare Reform Act 2012 s135.</p> <p>The section contains provisions designed to avoid duplication of information from social security claimants.</p>
Temple	<p>Site between Fleet Street and the River Thames in London.</p> <p>Since 12th century this has been occupied by lawyers. Since 1609, they have been two Inns of Court, the Inner Temple and Middle Temple.</p>
tempora mutantur	<p>Latin: the times are changed.</p> <p>This is a saying of the 16th century Latin poet</p>

Nicholas Borbonius.

temporarily abroad

For the purpose of income tax and residence, the provisions are given in Income Tax Act 2007 s829.

temporarily imported vehicle

For Customs, this is a vehicle that is brought over for use in the UK for no more than six months. Such a vehicle is generally exempt from VAT and Customs duty.

If the vehicle complies with the licensing and registration requirements of its home country, it is generally excused from **vehicle excise duty** also.

If the vehicle bears a registration plate that is not identifiable in the UK, it may be necessary to obtain a temporary registration mark, through the DVLA or RAC.

temporarily non-resident (TNR)

For savings and investment income, this term is used in Income Tax (Trading and Other Income) Act 2005 s368A.

temporal condition

One of two conditions that must be met for a **connected flight** to be regarded as part of one journey for the purposes of air passenger duty. The other condition is the **ticketing condition**.

The temporal condition restricts the number of hours between flights. Details of this are set out in Customs notice 550.

temporary absence

A period during which a member of a group insurance scheme can be away from work and continue to be covered by the insurance.

temporary accounts

In bookkeeping, **accounts** that exist in the current accounting period and have yet to be closed for inclusion in financial statements.

temporary admission (TA)

When goods are brought into the UK for a short period, such as a picture to be exhibited.

TA is a **duty relief procedure** that avoids payment of Customs duty.

temporary deemed employee

When someone is sufficiently under the control of an employer to be regarded as an employee, creating a **vicarious liability** for the employer.

The term was used by the Court of Appeal in the case *Hawley v Luminar Leisure plc [2006]*. The case concerned a **door supervisor** of a night club who attacked a customer.

temporary duty suspension	Arrangement made by the European Union to allow manufacturing and processing industries to compete with non-EU producers of similar goods. Imported components or raw materials for further processing have their import duties partially or completely suspended. It is usually a condition that such goods are not available in sufficient quantities within the EU.
temporary event notice	Form of licence needed from local authority to sell alcohol at a local function such as a church fete.
temporary event notice	Notice which a local authority issues for events which require a short-term licence, such as a beer tent at a fete (Licensing Act 2003 s100). Such a notice is issued routinely subject to conditions and no objection from the police.
temporary hard standing	Area near a landfill site designed to allow landfill operations to take place. Material so used is not subject to landfill tax.
temporary importation	A reduced rate, often zero, of customs duty is payable for temporary imports of certain defined items, such as material for an exhibition.
temporary importation rule	Provision that provides relief under the remittance basis. The rule is defined in Income Tax Act 2007 s809Z4.
temporary non-resident	Person who is resident for a tax year in which he returns to original country and who was not resident for the previous year. Their capital gains tax liability is set out in Taxation of Capital Gains Act 1992 s10A.
temporary site haulage road	Road constructed from waste material to give access to a landfill site. Material so used is not subject to landfill tax.
temporary storage	For Customs duty, there is a special procedure for goods so imported.

temporary storage facility	In relation to beer duty , this is premises within five kilometres of the brewery of other registered premises where beer may be stored to meet a seasonal demand, as explained in Customs notice 226.
temporary storage operator	Person who is allowed to provide temporary storage for imported goods without paying Customs duty. A person needs HMRC approval. Details are given in Customs notice 199A.
temporary tax	“A tax which has been imposed, or renewed or reimposed, for a limited period not exceeding eighteen months, and was in force or imposed during the previous financial year” (Provisional Collection of Taxes Act 1968 s2(2)).
temporary workplace	<p>In relation to travel in employment, “means a place which the employee attends in the performance of the duties of the employment —</p> <p style="padding-left: 40px;">(a) for the purpose of performing a task of limited duration, or</p> <p style="padding-left: 40px;">(b) for some other temporary purpose”</p> <p>(Income Tax (Earnings And Pensions) Act 2003 s339(3)).</p> <p>This expression is further clarified in following sub-sections.</p> <p>Travel to a temporary workplace is generally tax deductible for up to 24 months. The limit was 12 months before 6 April 1998.</p>
tempus fugit	Latin: time flies.
tenancy	<p>Agreement by which one person pays to occupy property belonging to another.</p> <p>In relation to a tied pub, a statutory definition is given in Small Business, Enterprise and Employment Act 2015 s70(2).</p>
tenancy strategy	Strategy that every local authority must prepare and publish (Localism Act 2011 from s150).
tenant	Person who pays money to occupy property belonging to another, known as the landlord .

tenant at will	In law, a tenant who may be dispossessed of the tenancy at any time at the will of the landlord or lessor.
tenant for life	Person who holds an estate for life, and who has wide powers of the estate under Settled Land Act 1925.
tenant for years	Person who holds an estate for a stated term of years.
tenant from year to year	Person who holds an agricultural estate that may be determined at half a year's notice by either side (Agricultural Holdings Act 1986).
tenant in chief	Person who held land directly from the Crown.
tenant in common	<p>One of the two common means by which two or more people co-own land and property. This includes property owned by a married couple or civil partnership.</p> <p>A tenant in common owns a separate share of the property which may be left in the person's will. This must be distinguished from a joint tenancy.</p>
tenant pur autre vie	Tenant during the life of another person.
tenant right	Rights of a tenant of an agricultural property to compensation on the end of the tenancy in respect of unexhausted improvements on the holding (Agricultural Holdings Act 1986).
tenants under taxed leases	Their tax position is explained in Income Tax (Trading And Other Income) Act 2005s60.
tender	<p>(1) Offer to provide goods or services for a stated price, and often subject to stated conditions.</p> <p>(2) Offer money in the form of bank notes and coins for payment.</p>
tender evaluation	<p>Procedure for considering tenders submitted for work. There are various methods in use.</p> <p>Automatically accepting the lowest tender is not advisable as there may be other factors, such as reliability, adequacy of resources, experience and charges for additional services which need to be considered. A common method is to provide weighting of some form. In such schemes the tender price typically represents</p>

around 65% of the factors.

tenendum

Latin: to be held. Clause in a **conveyance** which states that land is to be held by the grantee.

tenge

Currency of Kazakhstan.

tenner

Colloquialism for a ten-pound note.

tennesi

One hundredth of a manat, currency of Turkmenistan.

tennis

A tennis player may retire on a personal pension at the age of 35, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing

documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

This relaxation of pension rules also applies to players of real tennis and table tennis.

ten pence

Silver coin minted from 1968 as a replacement for the florin worth two shillings. Its diameter was reduced from 24mm to 18mm in 1990.

ten shilling note

Bank note worth ten shillings (50p).

It was first minted by the Treasury in 1914 as a means of protecting gold reserves at the start of the war. The first Bank of England note was issued on 22 November 1928. It subsequently went through three designs, all in a red-brown colour, until being demonetised on 20 November 1970 in favour of the 50p coin.

Tenterden steeple

Ridiculous excuse, such as for imposing a charge.

The origin is in the story that Tenterden steeple was responsible for Goodwin Sands, on the basis that there were no complaints about the Sands until the steeple was built. Despite the ridiculousness of the argument, successive Bishops of Rochester directed that money for the building the steeple should be used to keep Sandwich

haven clear.

Tenterden's Act

Statute of Frauds Amendment Act 1828.

tenth

Historically, a **tithe**, or tenth part that was donated first to the Pope and then to the Crown.

ten-year anniversary

The tenth anniversary of the date on which a settlement was created. This triggers a **ten-yearly charge** to inheritance tax for discretionary trusts and some other trusts. The creation of the settlement is generally when property is first settled. No anniversary can fall before 1 April 1983.

The term "in relation to a settlement means the tenth anniversary of the date on which the settlement commenced and subsequent anniversaries at ten-yearly intervals, but subject to subsections (2) to (4) below" (Inheritance Tax Act 1984 s61(1)). Those subsections include transitional provisions.

ten-yearly charge

Inheritance tax charge imposed every ten years on a **discretionary trust**, and (from 22 March 2006) on many other types of trust.

This is sometimes called the "ten-year charge" or periodic charge.

The charge is 30% of the lifetime rate of inheritance tax. As this is 20%, the ten-yearly charge is usually 6%. In effect, the **exit charge** is a final ten-yearly charge.

The ten-year period is divided into 40 quarters. Property may be excluded from the calculation for each whole quarter in which it was not held by a trust.

TEP

Letters after a person's name that indicates full membership of the **Society of Trust and Estate Practitioners (STEP)**.

tera-

Prefix used in metric units. It means 10^9

term

Contract

Condition in a contract.

Capital instrument

In relation to a **capital instrument**: "the period from the date of issue of the capital instrument to the date at

which it will expire, be redeemed, or be cancelled.

“If either party has the option to require the instrument to be redeemed or cancelled and, under the terms of the instrument, it is uncertain whether such an option will be exercised, the term should be taken to end on the earliest date at which the instrument would be redeemed or cancelled on exercise of such an option.

“If either party has the right to extend the period of an instrument, the term should not include the period of the extension if there is a genuine commercial possibility that the period will not be extended” (FRS 4 para 16).

Insurance and investment

In insurance and investment, the period for which a policy or bond is issued.

term account	Money invested for a fixed period, after which it is repaid to the original lender. It is another name for term deposit .
term deposit	Money invested for a fixed period, after which it is repaid to the original lender.
terminal loss relief	<p>Tax relief that may be claimed for a loss made in a business's final accounting period.</p> <p>For income tax, such a loss can generally be offset against profits of the three previous tax years.</p> <p>A similar relief applies to corporation tax from 2 July 1997 and for periods before 1 April 1991.</p>
terminally ill	Description of a person suffering from a physical condition from which there is no likelihood of avoiding death. Such a person automatically qualifies for the highest rate of the care component of the disability living allowance and can be a factor in determining entitlement to the mobility component of the same allowance.
term insurance	<p>Life insurance which only pays if the person dies before a certain date.</p> <p>As there is no guarantee of payment, as there is for life assurance, term insurance is often much less expensive. It is therefore often recommended to younger people with heavy commitments where the necessary</p>

cover can be provided at an affordable price.

terminal bonus

Additional bonus which may be paid when a claim arises under a with-profit life insurance policy, either at maturity or on death of the policyholder.

terminal date

Date when something ends. The term is used for determining when **child benefit** stops.

It is the last day of February, May, August or November after the child or young person either completes their education or reaches their 20th birthday.

terminal illness

Provisions relating to the **personal independence payment** to someone who is terminally ill are set out in Welfare Reform Act 2012 s82.

terminally ill

In relation to child trust funds, is defined according to the definitions for **terminal illness** for social security purposes (Child Trust Funds Regulations SI 2004 No 1450 reg 18A(6)).

terminal loss period

Either the period from the start of a trade's **final tax year** and ending with its cessation, or the last 12 months of the trade's life (Income Tax Act 2007 s90). There are special provisions for relieving a loss from this period.

terminal loss relief

Provision whereby a trading loss in the final accounting period could be carried back for offset against profits of the three previous periods. This provision has applied from 2 July 1997 and had applied for periods before 1 April 1991. Between these dates, a loss of any year could be offset against the three previous years, so there was no need for separate terminal loss relief.

terminal market

There are special VAT provisions in Value Added Tax Act 1994 s50.

terminal trade loss relief

The relief whereby a loss from a trade in its **terminal loss period** may be carried back against profits of the previous three years.

The law is Income Tax Act 2007 s89 for individuals, and Corporation Tax Act 2010 s37 for companies.

termination	<p>“In relation to a lease —</p> <p>(a) means the coming to an end of the lease, whether by effluxion of time or in any other way, and</p> <p>(b) includes in particular the bringing to an end of the lease by any person or by operation of law”</p> <p>(Capital Allowances Act 2001 s70YI(1)).</p> <p>A similar but differently worded definition for leasebacks appears in Capital Allowances Act 2001 s228H(1).</p>
termination amount	<p>In relation to a long funding lease for plant and machinery, this term is defined in Capital Allowances Act 2001 s70YG.</p>
termination award	<p>Payment to an employee on leaving employment.</p> <p>The tax treatment is that of a termination payment.</p> <p>The term “termination award” is used in the context of disclosing information on form P11D for PAYE purposes, where it is defined in PAYE regulations SI 2003 No 2682 reg 91(2).</p>
termination benefits	<p>“Employees benefits provided in exchange for the termination of an employee’s employment as a result of either:</p> <p>(a) an entity’s decision to terminate an employee’s employment before the normal retirement date; or</p> <p>(b) an employee’s decision to accept voluntary redundancy in exchange for those benefits”</p> <p>(FRS 102 glossary).</p>
termination clause	<p>Provision in a contract which sets out how that contract may be ended.</p>
termination event	<p>Term that is given a specific meaning by Capital Allowances Act 2001 s1651(1C) in relation to decommissioning of an offshore installation.</p> <p>In relation to notional accounting periods in mineral extraction, the term is given a specific meaning in Capital Allowances Act 2001 s416ZB(3).</p>
termination or change date	<p>Date on which a termination payment is paid to an employee (Income Tax (Earnings And Pensions) Act 2003</p>

s404(3)(b)).

termination payment	Payment on the termination of employment. Such payments up to £30,000 may be tax-free, subject to provisions in Income Tax (Earnings And Pensions) Act 2003 from s403.
termination plan notice	Term used in connection with corporation tax relief for share incentive plans (Corporation Tax Act 2009 s993).
termination value	In relation to a long funding lease for plant and machinery, this term is defined in Capital Allowances Act 2001 s70YI.
terminus ad quem	Latin: finishing point.
terminus a quo	Latin: starting point.
term loan	Loan of money for a fixed period.
termor	Person who holds land for a term of years.
terms	Provisions which regulate how a contract or other agreement shall be administered.
term of a lease	Period for which a lease operates. For a finance lease , there are usually two periods. The primary period is where the lessee in effect pays for the goods with interest to the lessor. The secondary period follows this and is usually just a nominal payment from the lessee to the lessor. For the purposes of capital allowances on leased plant and machinery, the term is defined in Capital Allowances Act 2001 s70YF.
term shares	Shares offered for a fixed period. They are often offered by building societies, usually at a higher rate than other products.
terms of audit appointment	Conditions under which an auditor is engaged (Companies Act 2006 s493).

terms of reference	Areas which a person or committee is authorised to investigate or otherwise deal with.
terms of sale	Conditions which attach to a contract for the sale of goods or services.
term structure of interest rates	Structure where different interest rates are used as discount factors .
terra	Latin: land.
terra firma	Latin: dry land.
terra regis	Latin: land of the king. In ancient times, this comprised unowned and confiscated land. It provided an income to the king that was supplemented by taxation.
terre-tenant	Latin: land holder.
terrier	Roll of lands belonging to a person.
Territorial Army	Before 6 April 2006 (when the normal pension retirement age was 60), a member was allowed to retire on a full pension at the age of 50. The Territorial Army is renamed the Army Reserve under Defence Reform Act 2014 s44(2). They are one of the classes of reservists (PAYE regulations SI 2003 No 2682 reg 122(2)).
territorial business exemption (TBE)	One of the proposed exemptions from the new rules for controlled foreign companies . The aim is to remove genuine overseas trading companies from the new regime.
territoriality	Principle of international law that states should not seek to legislate outside their territory, with some exceptions.
territorial limits	Geographical area over which a parliament may legislate. For the UK it comprises the land mass and 12 miles out to

sea.

territorial sea

Capital gains tax provisions are given in Taxation of Capital Gains Act 1992 s276.

territorial waters

Area of sea round a state over which that state has legal authority. It is governed by a Geneva Convention of 1958, as amended.

Territorial Sea Act 1987 fixes this at 12 miles for the UK. Traditionally the limit was three miles, the distance a cannon shot was supposed to be able to cover.

terrorism

Use of violence and fear as an instrument of political change. Not only is this a crime, but it is an offence not to report evidence of this. This overrides any duty of client confidentiality.

The tax authorities may disclose confidential information to intelligence services under Anti-Terrorism, Crime and Security Act 2001 s19.

Payments to terrorists are disallowed as business expenditure as a **criminal payment**. The matter is discussed in the Inspectors' Manual at BIM 43120.

terrorism-related activity

Term defined in Terrorism Prevention and Investigation Measures Act 2011 s4.

tertium quid

Third party that remains nameless.

The party results from a combination of two things but is different from them both.

TES

(1) Targeted employment support.
(2) Temporary employment subsidy.

TESSA

Tax-Exempt Special Savings Accounts.

These were introduced on 1 January 1991 as a five-year savings accounts that did not incur tax charges on the interest paid. It has not been possible to open a new TESSA account since April 1999 though TESSAs in existence before that date could continue to the end of their five-year term.

Similar tax benefits are now offered by **individual savings accounts (ISAs)**.

testacy When someone had a valid will to dispose of property on death.

testament Traditionally a document which disposed of a person's property other than land on death. Property was disposed of in a will. Under current law, both types of property are disposed of in a will.

testamentary Relating to wills and executorship.

testamentary capacity Ability to make a legal will. This broadly means that the **testator** must be either at least 18 years old or in the armed forces, and must have mental capacity.

A person has testamentary capacity if he or she understands:

- the nature of the document being signed
- the property which is being disposed
- that some people may have a claim on his property
- the manner in which the estate is to be distributed.

Where there is reason to believe that the testator's mental capacity may be challenged, it is a common practice to ask a doctor to be a witness or to provide an accompanying letter.

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It is essential... that a testator shall understand the nature of the act and its effects; shall understand the extent of the property of which he is disposing; shall be able to comprehend and appreciate the claims to which he ought to give effect; and, with a view to the latter object, that no disorder of mind shall poison his affections, pervert his sense of right, or prevent the exercise of his natural faculties — that no insane delusion shall influence his will in disposing of his property and bring about a disposal of it which, if the mind had been sound, would not have been made.

Cockburn C J in Banks v Goodfellow [1870] LR 5QB 549, 565

testamentary disposition Freedom of an individual to leave property in his will as he or she wishes.

testamentary freedom Another name for **testamentary disposition**.

testamentary guardian	Person appointed in a will to look after a testator's child who is still under 18.
testamentary intention	The principle that the intention of the testator determines how a will is to be interpreted. A will that was executed as a result of fraud, coercion or undue influence can be set aside by a court. It is also known as animus testandi .
testamentary trust	Trust that is created by a will.
testate	A person who has a valid will to dispose of property on death.
testator	A person who has made a will disposing of property on death.
testatrix	Female testator .
testatum	Part of an indenture that begins "Now this indenture witnesseth..."
test case	Case brought before the court to test a legal principle on behalf of other claimants in a similar position.
test day	Day used to determine whether there is a one-way exchange effect in exchange gains and losses and derivatives . The term is defined in Corporation Tax Act 2009 s328C for exchanges, and in s606C for derivatives.
testimonial	Sports event, concert or other fund-raising activity for the benefit of a person, such as on their retirement. As such money is considered to be a personal gift, and so does not attract tax, following the decision in <i>Reed v Seymour [1927]</i> . If the person has a contractual right to the testimonial, it is taxed as employment income. Such testimonials are taxed from 6 April 2017 on the amount by which they exceed £50,000, provided the testimonial was awarded after 24 November 2015.
testimonium	Clause at the end of a deed or will which commences "In witness whereof..."

testimonium clause	Another name for testimonium .
testimony	Statement of facts by a witness, often under oath.
Test in Live	Facility provided in some on-line tax-filing facilities on HMRC website. It allows a user to test the compatibility of their data and software without making a real tax return.
test return	Dummy tax return which may be sent to HMRC to ensure that the Internet connection is working properly.
test scheme	A particular type of pension scheme as set out in Pensions Act 2008 s23.
tests of truth	In evidence, the three tests of whether a witness is being truthful are demeanour, consistency and background.
tetri	One hundredth of a laria, currency of Georgia, formerly of USSR.
TEU	"The Treaty on European Union" (European Union Act 2011 s1(2)).
Tex	Texas.
text	Material expressed in words. Books and similar printed material is zero-rated for VAT whereas text in the form of faxes, e-mails, microfiche and similar is generally standard-rated (VAT notice 701/10).
textbooks	In law, authoritative work that may be cited in court as evidence of how to interpret a law.
text mining	Using software to scan the text to find information for research. At present this could be a breach of copyright law. On 2 August 2011, the government announced plans to make this exempt from copyright.
TFE	Trader Front End, a Customs term.
TFEU	Treaty of the European Union. This was the Treaty of Rome until replaced by Treaty of Amsterdam from 1 May 1990 which was itself

	replaced by Lisbon Treaty from 1 December 2009.
TfL	Transport for London.
TFP	Time for Print.
TFS	Transfrontier Shipment of Waste.
TGO	Timber Growers' Organisation.
TH	Total of the initial holding, as used in the formula in Income Tax (Trading and Other Income) Act 2005 s154A(4).
Thailand	Eastern country. Its currency is the baht of 100 satang. The UK has a double taxation convention of 1981.
Thalidomide	<p>Drug still used for relieving stress and for similar applications. It was first sold from 1957, and was widely prescribed to pregnant women to treat morning sickness. It was then discovered to have the teratological effect of producing babies with deformed limbs and was removed from that use in 1961.</p> <p>The Thalidomide Trust was established in 1968 to make payments to victims. This was funded by Distillers Company (now part of Diageo) and the government. Its payments are specifically exempted from income tax.</p>
Thalidomide Trust	<p>"Means the Trust established by that name by a declaration of trust made on the 10th August 1973 by Sir Henry Gordon Willmer, Arthur Halsall Walton and Sir Donald Macleod Douglas" (Thalidomide Children's Trust (Application of Section 329AA of the Income and Corporation Taxes Act 1988) Order SI 2004 No 1819 para 1(2)).</p> <p>The broad effect is to exclude payments from the Trust from the scope of income tax.</p>
thalweg	German: valley way. The boundary of lands separated by a river as being the centre of its navigable waters.
Thanksgiving Day	Annual holiday in USA on the fourth Thursday of September.

thank you	HMRC asked taxpayers not to write letters to them saying thank you for forms as it clogs up their post. (<i>TAXline April 2011</i>).
Thatcher, Margaret	English Conservative politician (1925-2013) who was prime minister from 4 May 1979 to 28 November 1990.
Thatcherism	Political and economic policies pursued under the premiership of Margaret Thatcher .
THB	ISO code for Thai baht.
theatrical artist	<p>Actor or other entertainer who primarily works in theatres. The case <i>Madeley v HMRC SpC 547 [2006]</i> established that this term also applied to television presenters. The case concerned Richard and Judy who presented a daytime television programme.</p> <p>There are some special tax provisions for such artists. They are generally taxed as employees unless they have reserved Schedule D status. They are allowed to claim as a business expense payments to an agent of up to 17.5% of earnings.</p>
the Bar	<p>Term used in law to mean barristers collectively. Barristers qualify when they are "called to the bar". This was originally a physical bar in a court beyond which only barristers could pass to address a court.</p>
thebe	One hundredth of a pula, currency of Botswana.
The City	London, particularly as a financial centre.
The Fed	Abbreviation for the United States Federal Reserve Bank, America's central bank and its equivalent to the Bank of England.
theft	<p>Dishonest appropriation of "property belonging to another with the intention of permanently depriving the other of it" (Theft Act 1968 s1).</p> <p>The term theft includes offences of larceny, robbery, burglary, blackmail, obtaining goods by deception, receiving and handling stolen property, unlawful abstraction of electricity, and related offences.</p> <p>Theft Act 1978 added the offences of making off</p>

without payment.

Losses of cash or goods from theft are generally tax deductible, unless made by a director or proprietor of the business. A leading case on this latter point is *Curtis v J & G Oldfield Ltd [1925] 9TC319*. The matter is discussed in the Inspectors' Manual at BIM37810.

theftbote

Old term for hush-money.

the I minus E basis

In relation to taxation of insurance companies, "means the basis under which a company carrying on life insurance business is charged to tax on the relevant profits (within the meaning of section 88(3) of the Finance Act 1989) of that business under Case I of Schedule D" (Income and Corporation Taxes Act 1988 s431(2)).

Thelluson

The court case *Thelluson v Woodford [1799]* where the deceased left a will tying up his estate for decades so that no living person could derive any benefit. This led directly to the law on **accumulations**.

Thelluson Act

Accumulations Act 1800.

This law prevented testators from leaving property to accumulate income without distribution for more than 21 years. The name comes from the will of Peter Thelluson who died in 1797 and left his estate to be tied up for generations.

Themba

For international aid, acronym for the slogan: there must be an alternative.

A few years ago when economists were pressing the most dogmatic of free-market policies on some of the poorest countries in the world, they argued for it by saying 'Tina' — there is no alternative. But African people came up with shorthand of their own, not Tina, but 'Themba' — short for 'there must be an alternative'. In that cry, Themba, we hear everything that must guide us today, because while it was an acronym, it was also the Zulu word for the most important thing that humans can have: hope.

Themba — the confidence, conviction and certainty that where there are problems there are always solutions, that we do not need to accept the defeatism of doing nothing. It is the conviction that, through pursuing cooperation and

internationalism, we need never return to the isolationism and protectionism of the past. It is the certainty that there is always an alternative to fear of the future, and what conquers fear of the future is our faith in the future: faith in who we are and what we believe, in what we are today and what we can become; faith, most of all in what we can achieve together. (*Beyond the Crash*, by Gordon Brown, published by Simon & Schuster)

thermal insulation

For capital allowance purposes, this is treated as an **integral feature**, which means that it is included in the **special rate pool** and is subject to capital allowance at 8% on the writing down basis, and not the usual 18% for plant and machinery.

For other provisions relating to capital allowances, see Capital Allowances Act 2001 from s27.

the register

Term usually used to mean the register of companies kept at Companies House (Companies Act 2006 s1080).

The Times

National newspaper that publishes **law reports**. The **citation** is [*Name of case*] *The Times* [*date of publication*].

thin capitalisation

Form of tax avoidance similar to transfer pricing.

Thin capitalisation works by transferring profit from a company taxable in the UK to a company which is subject to a lower rate of tax in another country. This is done when the company in the lower taxed country charges interest, usually at a very high rate, to the UK company. This has the effect of transferring profit from the UK company to the other company and reducing the overall amount of tax payable.

There are anti-avoidance provisions to counter such schemes. From 1 April 2004, these provisions broadly disallow the payment of interest to a connected company to the extent that it exceeds the rate of interest payable to a commercial lender.

things being done

In the context of VAT **default surcharge** for late payments on account, "for the purposes of this section references to things being done by any day include references to its being done on that day"
(Value Added Tax 1994 s59A(14)).

third company	For consortium relief , “a company that is not... a member of the same group of companies as the trading company” (Corporation Tax Act 2010 s155(4)).
third country	Country or territory outside the European Union. In relation to savings income, “means a territory other than a member State” (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(2)). In relation to merchandise in baggage, “any country or territory that is not part of the EU” (Customs notice 6).
third farthing	Copper coin worth one third of a farthing or 1/12 of an old penny, minted between 1827 and 1913. There were 2,880 to the pound.
third guinea	Coin worth 7 shillings minted between 1797 and 1813.
third party	Person who is not a party to a contract but who may be affected by it, such as a passenger in car who makes a claim on the driver’s insurance policy. The law of privity of contract generally excludes a third party from taking action under a contract, but there are many exceptions to this rule. For example if C is a passenger in a car driven by A who has insured it with B, C has a claim against B if A is injured in an accident. In relation to corporation tax on banks, this term is given a specific meaning in Corporation Tax Act 2009 s133D as inserted by Finance (No 2) Act 2015 s18.
third party acquisition	In relation to goodwill acquired from a related party, the term is defined in Corporation Tax Act 2009 s849B(7) as inserted by Finance Act 2015 s26.
third party debt order	Court order requiring a third party, such as a bank, to pay money to discharge a debt.
third party directions	Directions given by a court to a person who was not an original party to the proceedings but who has subsequently become a party.
third party entertainment	When an employee is entertained in the course of employment by someone other than the employer. Such entertainment is generally exempt from tax up to £150 under Income Tax (Earnings And Pensions) Act

2003 s265.

third party, fire and theft Motor insurance of **third party insurance** that also insures a car against being stolen or damaged by fire.

third party funding Arrangement whereby an organisation is funded by another to provide a service, such as when a local authority funds a charity to provide a specific service.
Third party funding is subject to VAT, but **grant funding** is not (VAT notice 701/1).

third party insurance Insurance to protect people who are not parties to the policy, and to protect their property.
It is an offence to take a vehicle on a British road without such insurance (Road Traffic Act 1988 s143(1)(a)).
Such insurance does not insure the driver or the vehicle itself.

third party notice *Tax*
Notice that HMRC may issue to someone other than a taxpayer to obtain information about the taxpayer. Such a notice is issued under Finance Act 2008 Sch 36 para 2 (previously Taxes Management Act 1970 s20).
In Scotland, similar provisions are contained in Revenue Scotland and Tax Powers Act 2014 s125.

Pensions

Notice served by **Pensions Regulator** on a third party under Pensions Act 2004 s14 to address a contravention of regulations.

third party proceedings Proceedings brought by a **defendant** against someone who is not already a party to the legal action.

third quarter The seventh to ninth months of a particular year. The third quarter of a calendar year runs from 1 July to 30 September.

third six For barristers, term for a third period of six months of pupillage in which the barrister does his or her own work but is not yet a tenant.

thirteenth Direct tax imposed in 1207.

thirty pieces of silver	Bribe, blood money. This was the amount that Judas Iscariot received for betraying Jesus (Matthew 26:15, the Bible).
Thomasing	Old practice of collecting small sums of money or drink from employers on St Thomas' Day, 21 December.
Thorn Baker	Name given to the case <i>HMRC v Thorn Baker Ltd [2008]</i> which briefly held that agency workers were entitled to statutory sick pay . The government legislated to reverse this court ruling and restore the position that an agency worker is only entitled to SSP after three months. This revised law applies from 27 October 2008.
Thorneycroft, Peter	English Conservative politician (1909-1994) who was Chancellor of the Exchequer from 13 January 1957 to 6 January 1958 in the government of Harold Macmillan. He resigned in protest at increased government spending.
thou	Engineering measure for one thousandth of an inch or 25.4µm.
Threadneedle Street	Road in London that houses the Bank of England , and which is sometimes used to mean the Bank.
threat	Expressing an intention to do harm to someone. It is an element of many crimes including blackmail, duress and sending distressing letters.
threatening behaviour	Crime of using threatening, abusive or insulting words or behaviour to someone. It includes displaying material for the same purpose.
three acres and a cow	The cry of Jesse Collings (1831-1920) in his populist campaign for agrarian reform.
three-card poker	From 23 April 2002, this game is specifically added to the list in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty .
three certainties	Term used to define a condition for setting up a valid express trust . The three certainties are of words and intention, subject matter and beneficiaries. This condition was laid down in the leading case of

Knight v Knight [1840]. A lack of certainty can void a trust, with an exception for a charitable trust.

three Cs

Concession, conciliation and confrontation.

These are the three traditional methods for resolving disputes. They should be considered in the order above.

three-field system

Traditional method of crop rotation used in farming from middle ages to 19th century. Each field was planted with wheat or rye in year 1, with a different crop in year 2, and left fallow in year 3.

three-fourteenths trust

Educational trust commonly found in Church of England. It is based on the old practice of allowing church school premises to be used by the church on Sundays and Saturday mornings, which represents three of the 14 half-days in a week.

three Fs

Free sale, fixity of tenure and fair rent.

These were demanded by the Irish Land League in 1881.

three-line account (TLA)

Simplified tax reporting requirement for small businesses. Such businesses need only report their turnover, allowable expenses, and profit or loss. They do not need to provide a breakdown of the expenses they may choose to do so. The business must keep normal business records showing such details.

For the 2009/10 tax year, the upper limit is the same as the VAT registration threshold. Previously it was £30,000 for self-employment and £15,000 for property income.

threepence coin

Pre-decimal coin worth three old pence.

It was minted in silver from 1547 to 1937. It was replaced by a brass 12-sided coin from 1937 to 1967.

three-tier system

Traditional system for allocating cases in the Crown Courts.

Threlfall v Jones

Leading tax case that established that accounting standards must be followed for accounts on which tax computations are based. The full name is *Threlfall v Jones*

[1993] 66 TC 77.

threshold	Point at which a provision comes into effect, such as the amount at which tax becomes payable or a benefit becomes receivable.
threshold agreement	Contract which contains a provision triggered by a threshold . The commonest example is a contract of employment which states that pay will be automatically increased if the cost of living increases by more than a state figure.
threshold amount	Amount in respect of money-laundering by a deposit-taking body (Proceeds of Crime Act 2002 s339A(2)). The amount is £250 unless an officer specifies a higher figure.
threshold income	In relation to the tapered reduction in annual allowance for pension contributions, this term is defined in Finance Act 2004 s228ZA(5) as inserted by Finance (No 2) Act 2015 Sch 4 para 10.
thrift	In the USA, a private local bank or similar body which accepts and pays interest on small deposits.
thriftling	Economising, particularly in manufacture by saving small amounts in many areas. Thriftling was pioneered by Ford Motor Co and others in the 1950s. It often proved to be a fool's economy where the saving was at the expense of quality.
Throgmorton Street	The financial world. The term, now rarely used, comes from a narrow London street built in the 16 th century where many financial institutions were based.
through airway bill	An airway bill where the final destination is not the airport of receipt (AOR) . The goods have arrived at the AOR to be routed on.
throughput accounting	System which looks at how maximum returns can be obtained on activities subject to bottlenecks .
throughput level	Quantity of goods passing through a warehouse.

throw in the towel	Colloquialism meaning to concede defeat. The term comes from boxing.
thumbnail	In computing, an icon showing a very small representation of a document or picture to aid selection.
TI	Temporary importation.
TIC	True interest cost.
tic	Take (or taken) into consideration.
Tichborne Dole	Ancient charity established in 1150 to provide free bread and cheese to poor people. It is still commemorated as a local custom.
tick box	Method of inspection, audit or similar which simply requires that a series of simple tests are undertaken as evidenced by a tick in a box on a form.
ticket	<p><i>General</i></p> <p>Document providing evidence, particularly of the right of admission.</p> <p><i>Value added tax</i></p> <p>For VAT, it should be noted that the supply is the right of admission, so the rate of VAT is that which applies for the date the ticket is sold, not for the date that the ticket is used.</p> <p><i>Air passenger duty</i></p> <p>“Means a document or documents evidencing an agreement (however made) for the carriage of any person” (Finance Act 1994 s43(1)).</p>
tidal waters	Any part of the water that naturally ebbs and flows (Merchant Shipping Act 1894).
tide over	Colloquialism for providing short-term finance.
tide-waiter	Old term for a Customs officer who boarded ships to ensure that Customs requirements had been met.

tidying up	<p>Term used in tax law to mean provisions that make existing provisions clearer without changing their substance. The term is not a colloquialism.</p> <p>For example, the term is used in Finance Act 2007 Sch 10 para 5 in relation to provisions in Taxation of Capital Gains Act 1992.</p>
TIE	Taxable income elasticity.
TIEA	Tax information exchange agreement.
tied cottage	Common term for tied premises , even when those premises are not a cottage.
tied financial adviser	Person who has been authorised by the relevant body as a financial adviser, but who is only allowed to promote products of one company.
tied house	In retail, particularly for pubs, an outlet that is restricted to selling the products of one supplier.
tied oil	<p>Oil which has been delivered as “conditionally relieved of duty”.</p> <p>Such oil must be delivered to an individually approved distributor for supply for eligible use, or to an individually approved user.</p> <p>“Means hydrocarbon oil that the Commissioners permit to be delivered for home use to an approved tied oil trader, without payment of duty in accordance with section 9(1) of the [Hydrocarbon Oil Duties Act 1979]” (Hydrocarbon Oil (Industrial Reliefs) Regulations SI 2002 No 1471 reg 3).</p>
tied premises	<p>Accommodation that is provided to an employee as part of the job. In some cases, a tied cottage may be treated as a taxable benefit in kind.</p> <p>For the provider of a tied cottage, the receipts and expenses are included in trading income and expenses (Income Tax (Trading And Other Income) Act 2005s19).</p> <p>Corporation tax provisions are given in Corporation Tax Act 2009 s42.</p>

tied pub	This term is defined in Small Business, Enterprise and Employment Act 2015 s68.
tied pub tenant	This term is defined in Small Business, Enterprise and Employment Act 2015 s70(1).
tier 1 capital	<p>In banking, a core measure of a bank's financial strength from the perspective of the regulator. The term is defined in according with an accord agreed at Basel I.</p> <p>Tier 1 capital primarily comprises shares and retained earnings. It may contain non-cumulative preference shares.</p>
tier one capital equity and liabilities	For bank levy, this term is defined in Finance Act 2011 Sch 19 para 30(2).
TIF	Tax increment financing.
tiger	Endangered animal. The importation of the animal or its products is generally prohibited under CITES convention .
tights	<p>Single garment which covers the lower half of the body and provides a stocking effect on the legs. Tights replaced stockings from the mid-1960s when mini-skirts became popular.</p> <p>An employer may reimburse an employee for laddered tights without this constituting a taxable benefit-in-kind.</p>
tile	In computing, printing of a very large image on many sheets of paper that can be placed together like tiles.
till	Drawer or simple machine for keeping cash, particularly in a shop. Most modern tills come with a cash register which allows sales to be recorded.
tilla	Gold coin issued by Afghanistan, that may be a gold investment coin for VAT purposes.
till book	Banking term for the ledger which was kept by each teller in a bank branch recording details of payments received in and paid out. Such books disappeared by the 1980s as

computers were used.

timber

Wood used for building. Its original legal use was restricted to mature oak, ash and elm.

time

Time of day

“Subject to section 3 of the Summer Time Act 1972 (construction of references to points of time during the period of summer time), whenever an expression of time occurs in an Act, the time referred to shall, unless it is otherwise specifically stated, be held to be Greenwich mean time” (Interpretation Act 1978 s9).

Duration

In financial matters, time means the period before or after which something happens, period which someone works, or the duration of something (such as the life of a contract).

time and a half

Rate sometimes paid for working **overtime**. It comprises the employee's normal hourly rate uplifted by one half.

time and a third

Rate sometimes paid for working **overtime**. It comprises the employee's normal hourly rate uplifted by one third.

time and method

Method of analysing the methods by which tasks are performed to see if it is possible to find less expensive methods.

time and motion

Method of analysing how tasks are performed to see if it is possible to find less expensive ways.

time apportionment

Apportionment of a rule, tax or other provision which applies to a period that spans a date where there is a change. The apportionment is usually based on the relative number of calendar days on each side of the date.

time bargain

Contract for the sale of stock at a certain price on a future day where the seller does not hold the stock but intends to purchase it before the sale.

time calculator

Calculator which has the additional function of being able to calculate time such as between two dates or two times

of the day.

timed collection

Service offered by Royal Mail whereby mail is collected at a predetermined time and day of the week. An additional charge is usually made for this service. This service became available from April 2008.

time deposit

When money is saved with a financial institution for a fixed period.

time-dumping

Unlawful practice of inflating claims for hours worked, particularly by insolvency practitioners.

time for print (TFP)

Arrangement common between photographers and models. Instead of either paying the other, they each agree to license the other to use the photographs free subject to conditions. Each thus builds up their portfolio of work at little cost. For tax purposes, such arrangements are not usually regarded as barter arrangements and are therefore not usually subject to VAT or income tax on the benefit.

time immemorial

“From when the memory of man runneth not to the contrary”.

The Statute of Westminster 1275 fixes this as being from before 6 July 1189, the start of the reign of Richard I.

Any custom that has existed from time immemorial has the status of English law, subject to conditions.

time-inconsistent addiction

Economic term for where someone suffers from **addiction**, and is aware of its financial consequences but lacks sufficient willpower to overcome the addiction.

time is of the essence

Time is the most important consideration.

This condition in a contract can have the effect of voiding a contract if work is late.

time-keeping

State of being at work on time and staying until the required hour.

The reliability of an employee in keeping to the hours he or she is supposed to work.

time lag

Time that elapses between a cause and its effect.

time limit	Deadline; maximum time allowed to perform a task.
time limitation	Restricting the amount of tax available for something.
time-limiting	Imposing a maximum period for which a person may receive a contributory social security benefit.
timeliness	<p>One of the qualitative characteristics of information in financial statements.</p> <p>“Providing the information in financial statements within the decision time frame” (FRS 102 glossary).</p> <p>“To be relevant, financial information must be able to influence the economic decisions of users. Timeliness involves providing the information within the decision time frame...” (FRS 102 section 2.12).</p>
timely use	<p>Reasonably prompt use by HMRC of tax information provided by a taxpayer.</p> <p>If HMRC fails to act within a reasonable time, the taxpayer may be excused any unexpected tax demand under the provisions of extra-statutory concession A19. Reasonable time usually means by 12 months after the end of the tax year in which disclosure was made.</p>
time of accrual	Time when a chargeable gain accrues to a company that wishes to claim group relief (Taxation of Capital Gains Act 1992 s171A(3)).
time of discharge	<p>Date on which a contract ends by frustration (Law Reform (Frustrated Contracts) Act 1943 s1(2)).</p> <p>The law is broadly that all sums paid under the contract must be refunded from that date unless a court orders otherwise.</p>
time off for dependants	The right to take unpaid leave to look after a dependant (Employment Rights Act 1996 s57A).
time off for public duties	An employee has the right to unpaid leave to perform certain public duties, such as magistrate or councillor. A full list is given in Employment Rights Act 1996 s50.
time of supply	For VAT, when a supply is made. This determines the tax point which can determine the rate of tax to charge, and the period for which the tax must be accounted.

The rules are set out in Value Added Tax Act 1994 s5.

time on one's hands

Being idle, having nothing to do.

time order

Order issued by a court allowing a debtor more time to pay a debt.

Such an order may be requested only if the debt is regulated by Consumer Credit Act 1974. This generally means that the debt was up to £25,000 if taken out from 1 May 1998, or £15,000 if taken out previously.

time policy

Marine insurance policy that covers a ship for voyages during a specific period only.

time provisions

Clauses in a contract that determine when various obligations must be performed.

time rate

Rate of pay which is calculated as so much per hour or other measure of time.

timeshare

Form of **licence** over property where someone buys the right to occupy a property, such as for the same week or two weeks every year. This is widely used for holiday accommodation. A more substantial form is **shared ownership**.

For local authority taxation, a timeshare property is always regarded as business premises, and is subject to business rates rather than council tax.

Times, The

National newspaper. It carries **law reports** that may be cited as *[Names of parties] The Times [date of publication]*. Past cases can be accessed on its website on payment of a subscription.

time sheet

Record of when an employee or worker starts and stops work, and (sometimes) what the employee does.

A timesheet can be used to determine payment, such as for a temporary worker, or how much to invoice clients, such as in a professional body such as a firm of accountants or lawyers.

time target

In human resources, a level of output expected from an employee. For example, a supermarket check-out

operator is usually expected to scan between 1,000 and 1,200 items an hour.

Time to Pay

Scheme offered by the tax authorities to help a person pay arrears of tax.

time value of money

Concept that the passing of time reduces the value of money. This can be seen as either inflation or as the opportunity cost of not investing the money.

time work

Basis used for determining whether the **national minimum wage (NMW)** regulations have been followed. This is the commonest of the four bases used.

Under the time work basis, the worker must be paid at least the NMW multiplied by the number of hours worked in a **pay reference period**.

For this purpose, hours at work generally include:

- time at work actually working;
- time spent at work when available for work but prevented from doing so;
- training during normal working hours;
- travelling in the course of work (but not normal commuting); and
- when on **standby** or **on-call** at or near the place of work and must stay awake.

Hours at work generally do not include:

- rest breaks, including tea breaks;
- when the worker is on **standby** or **on-call** at home;
- when the worker is on standby or on-call anywhere, but is allowed to sleep;
- normal commuting to and from work;
- training outside working hours.

time work

Work paid according to time spent.

timing differences

In relation to accounting for deferred tax, "differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements" (FRS 102 glossary).

timing rule	In relation to tax avoidance schemes, the date on which the avoidance arrangements are made. "The issue is whether there is a wish to keep the details confidential at any point after this time." (HMRC leaflet DOTAS, January 2016 para 7.4.3).
Timor-Leste	Country in Arafura Sea. Its currency is the US dollar of 100 cents. The UK has no double taxation treaty.
tin	Metal element. The word has acquired many colloquial meanings, including money.
TIOPA	Taxation (International and Other Provisions) Act 2010.
tip	<p>Gratuity or amount voluntarily provided for service. In the UK, tips are traditional for waiters, taxi drivers, hairdressers and in a few other areas.</p> <p>Tips are subject to income tax as employment income, regardless of how the tip is paid.</p> <p>For national insurance, a tip is subject to class 1 national insurance if provided by the employer, such as by distributing tips added to a bill or put in a jar by the till. A tip paid directly, such as a bank note left under a plate for a waiter or handed with a credit card, is not subject to class 1.</p> <p>For PAYE purposes, tips "means gratuities and service charges" (PAYE regulations SI 2003 No 2682 s100(7)).</p> <p>For VAT, a voluntary tip is not part of the standard-rated supply of catering (VAT notice 700). This does not apply to service charges.</p>
tipping off	<p>Giving advance disclosure to a person of criminal proceedings.</p> <p>For money laundering, this is a specific offence in Proceeds of Crime Act 2002 s333A.</p> <p>[Note that "tipping off" is the statutory term, and is not a colloquialism.]</p>
tipping point	<p>Point at which an additional factor triggers a different treatment or consequence, even though the additional factor and each existing factor is insufficient to justify that treatment or consequence.</p> <p>The analogy is to a balance on a fulcrum where</p>

there comes a point where adding one more weight will tip the balance.

Tippling points can be found in many branches of tax and law. For example, a cumulation of factors may constitute reasonable excuse against a tax penalty, even though each factor alone would not constitute reasonable excuse.

tips

For PAYE purposes, "means gratuities and service charges" (PAYE regulations SI 2003 No 2682 reg 100(7)).

See also the entry for **tip**.

tipstaff

Old office of constable, bailiff or sheriff's officer.

TIR

Transports Internationaux Routiers.

TIS

Technical interface specification, details published by bodies such as HMRC to assist software developers in accommodating changes.

TiS

Transactions in Securities. The term often refers to the legislation in this area.

tissue

In biology, "means all constituent parts of the human body formed by cells" (Directive 2003/23/EC article 3).

tissue establishment

"Means a tissue bank or a unit of a hospital or another body where activities of processing, preservation, storage or distribution of human tissues and cells are undertaken. It may also be responsible for procurement or testing of tissues and cells" (Directive 2003/23/EC article 3).

Titanic clause

American term for a clause in a will that determines how an estate is to be distributed if a beneficiary dies very soon after the testator. It is named after the ship that sank in 1912, in allusion to the fact that many family members may die together in a common accident.

tithe

Traditional offering of one tenth of one's income, such as to a church. The earliest taxes were compulsory tithes.

Tithe Redemption Commission

Body established under Tithe Act 1936, and which has now been abolished.

tithe rentcharges	These were abolished by Tithe Act 1936, which Act was itself repealed by Statute Law (Repeals) Act 2004 s1(1).
title	A legal right or document proving legal right.
title deed	The legal document that not only identifies the owner of a property but also other details about the property and the land it is built upon. This will be kept by the lender until your borrowing and interest on that borrowing has been repaid.
title plans	Term used by Land Registry for boundary maps of registered properties.
title registers	Term used by Land Registry for title deeds.
title sponsor	Business jargon for a business that will readily sponsor things to boost its reputation or standing.
tiyin	One hundredth of a sum, currency of Uzbekistan.
TJS	ISO code for Tajikistan somoni.
Tk	Abbreviation: taka, currency of Bangladesh.
TL	Abbreviation: Turkish lira, currency of Turkey.
TLA	Three-line account.
TLR	Times Law Reports, as published from 1884 to 1952.
TMA	(1) Taxes Management Act 1970. (2) Theatrical Managers Association. (3) Tobacco Manufacturers' Association.
TMO	Telegraphic money order.
TMT	ISO code for Turkmenistan manat.
TMW	Taxable maximum (of social security benefit) for a week.
TNC	Trans-national Company (or Corporation).

TND	ISO code for Tunisian dinar.
TNR	Temporary non-resident. The abbreviation is used in Income Tax (Trading and Other Income) Act 2005 s368A(1).
TNRB	Transferable nil rate band, of inheritance tax.
TNR provisions	Provisions on savings and investment income for temporary non-residents, as set out in Income Tax (Trading and Other Income) Act 2005 s368A.
TO	(1) Telegraphic office. (2) Telegraphic order (of money) (3) Turn over.
tobacco	Cured leaves of any plants of the <i>Nicotiana</i> species. Tobacco has attracted tobacco duty since 1565. Tobacco products are also subject to VAT at the standard rate on both the tobacco product and the duty.
tobacco allowance	Amount of tobacco products that an individual may personally import from a non-EU country without having to pay any additional taxes. From 1 January 2010, the allowance is basically 200 cigarettes or 50 cigars or 250 gram of tobacco.
tobacco duty	Excise duty charged on tobacco. Tobacco is classified into one of the four types for the purpose of the duty: <ul style="list-style-type: none">• cigarettes;• cigars;• hand-rolling tobacco; and• other tobacco. The duty on cigarettes is a fixed percentage of the retail price plus a fixed sum per 1,000 cigarettes. The fixed charge is increased if the cigarette has a tar yield above 20mg. Hand-rolling tobacco is tobacco which is suitable for making into cigarettes and where at least 25% of the tobacco has a width of less than 0.6mm. From 1 April 2001, all packets of cigarettes and hand-rolling tobacco must have a fiscal mark to indicate

that duty has been paid.

tobacco product

“A product consisting wholly or partly of tobacco and intended to be smoked, sniffed, sucked or chewed”. (Tobacco Advertising and Promotion Act 2002 s1).

Products are defined in the Tobacco Products (Description of Products) Order SI 2003 No 1471.

Tobar doctrine

Doctrine that a government should only be recognised if it came to power democratically. In practice, governments prefer the more pragmatic **Estrada doctrine**.

TOC

Table of contents.

toea

One hundredth of a kina, currency of Papua New Guinea.

toffee apple

For VAT, this is zero-rated as food and not standard-rated as confectionery.

The product was an apple. The presence of sugar did not affect that. *Candy Maid Confectionery Ltd [1968] 3 All ER 773*

toft

Land on which a decayed building had stood.

TOGC

Transfer of a going concern.

Together Mortgage

Mortgage and loan product offered by Northern Rock Building Society between 1999 and March 2008 which contributed to the collapse of the Society and its nationalisation in February 2008 at the start of the banking crisis. The Society offered a 95% secured mortgage plus a 30% unsecured loan at the same interest rate.

Togo

African country. Its currency is the CFA franc of 100 centimes. The UK does not have a double taxation treaty.

token

Something which is used to represent something else, such as a printed disc which represents an amount of money.

token amount

Small amount which indicates value but not worth. Under English contract law, a buyer must provide consideration.

A business may therefore be bought for a token amount of £1 to establish a legal contract.

token charge

Small charge, particularly which does not cover the cost of whatever is supplied but which is made for another reason, such as to maintain the right to make charges.

tokenism

Personnel practice of deliberately employing a few workers from a minority or disadvantaged group to demonstrate equality.

token payment

Small payment whose main purpose is to acknowledge a debt, rather than to reduce it. Someone with serious debt problems may pay £1 a month to creditors to acknowledge that the debt is still owed. This prevents the debt becoming **statute-barred**.

token rent

Small payment of rent. It is usually paid merely to establish a legal right than to cover the genuine cost.

Tokyo Round

A round of talks under General Agreement on Tariffs and Trades completed in 1970, which led to significant reduction in international customs duties, and assisted in the creation of customs unions.

tolbooth

Early spelling of toll both where taxes were collected.

tolerance

For PAYE, an amount of underpayment that HMRC does not pursue.

This figure has been £50 for many years except for a period from September 2010 to March 2011 when it was temporarily increased to £300 to help clear a backlog of tax reconciliations.

toll

Payment to use a service, such as for a bridge or tunnel. A toll usually arises either to repay the capital cost of providing the service used, or as the result of an ancient right.

Profits from running tolls are taxed as if they were a trade (Income Tax (Trading And Other Income) Act 2005s12).

toll call

American term for a long-distance telephone call.

Tolley tax annuals	Annual set of annuals for the main taxes and for tax-related topics, published by Tolley Publishing Ltd, part of Lexis Nexis.
toll-free	Description of something where no toll is charged, particularly where a toll is usual or has recently been charged.
toll-free telephone number	<p>Telephone number to which the cost of the call is charged to the number being called and not to the caller. Such numbers are also called freephone numbers.</p> <p>In the UK such numbers usually start 0800.</p> <p>The first such numbers were introduced in the UK in 1960, having been introduced in the USA and Canada in the 1950s. From 1985, a toll-free number may be dialled directly without using a telephone operator.</p>
toll road	<p>Road where a toll is charged for its use.</p> <p>From 6 April 1991, a toll road is specifically included in the definition of industrial building. Privately financed roads were included from 6 April 1995. This meant that they were eligible for the capital allowance for industrial buildings, which was phased out by 2011.</p>
Tolpuddle martyrs	Six farm labourers who were deported for trade union activities in 1834. Tolpuddle is in Dorset.
Tomlin order	Court order that gives legal effect to a compromise agreement between the parties. The name comes from such a direction issued by Mr Justice Tomlin in 1927.
Tommy shop	Shop where vouchers provided by an employer may be exchanged for goods. These were generally allowed in 19 th century under Truck Acts.
TOMS	Tour operator's margin scheme (for VAT).
ton	<p>Imperial unit of weight. It is equal to 20 hundredweight or 2,240 pounds.</p> <p>It is the equivalent of 1,016 kilograms, and is therefore about 1.6% heavier than the metric tonne.</p> <p>This ton is sometimes called the long ton to distinguish it from the short ton of 2000 pounds used in the USA.</p>

A further distinction is between the word **tonne** meaning a **metric ton** equal to 1000 kilograms or 98.3% of a ton. Both words are produced as "tun".

Tonga	Island country in Pacific Ocean. Its currency is the pa'anga of 100 seniti. The UK does not have a double taxation treaty.
ton mile	Unit of measure used for charging freight to be carried on canals, as so much per ton per mile.
tone at the top	Term used in APB ES 1 to indicate by example and setting of internal culture the ethical standards of an audit.
tonnage tax	<p>Optional method by which shipping companies may ring-fence their profits from shipping activities. Such activities are then taxed according to the tonnage of the ships and are not subject to corporation tax. For example, tonnage tax is 60p a day for each 100 tones up to 1000 tons.</p> <p>The ships are also not taxed on their chargeable gains or losses.</p> <p>A company must elect to use tonnage tax. There are many conditions that must be satisfied.</p> <p>The law is in Finance Act 2000 Sch 22.</p> <p>Guidance is given in the Tonnage Tax Manual, under reference TTM.</p>
tonne	Unit of weight equal to 1000 kilograms. This is about 2204 pounds, which is slightly less than the imperial ton which is 2240 pounds.
tontine	<p>Form of annuity shared by subscribers where the last to survive receives the whole amount.</p> <p>The system is named after the banker Lorenzo Tonti who introduced the scheme in France in 1653. Tontines were occasionally used in England in 18th and 19th centuries.</p>
too big to fail (TBTF)	<p>Term coined for financial institutions whose collapse would lead to serious national consequences and which therefore require government backing when they get into difficulties.</p> <p>The term was coined when Northern Rock reported</p>

difficulties in late 2007.

too good to be true

One of the **hallmarks** of a tax planning scheme of which taxpayers are advised to be wary.

tool

In relation to **trade tools**, "means any implement, utensil or article" (Income Tax (Trading And Other Income) Act 2005 s68(3)).

tools of trade

Essentials to a person's work which cannot be seized from a bankrupt.

toothbrush scheme

VAT avoidance scheme which was ended on 1 December 1994.

Traders who make both taxable and exempt supplies are restricted on the **partial exemption** rules on the amount of input tax they may claim back unless their turnover was below the then limit of £600 a month. So many wholly exempt traders made some nominal sales of taxable products to come within the scope, and thus be able to claim back all their input tax. The term comes from dentists who avoided partial exemption by selling standard-rated toothbrushes.

The scheme was ended by imposing a second condition that the taxable supplied must account for at least 50% of supplies.

The irony is that many dentists found that sales of toothbrushes and other dental products were appreciated by patients and contributed usefully to their profits.

TOP

ISO code for Tongan pa'anga.

top dog

Master, or most important person. The term is often used derogatively to mean a person who has appointed himself to this status.

top-down budget

In management accounting, a budget imposed by management without involving those who will implement the budget.

top hat

Description of something which applies to the highest levels of an organisation only. The term is an allusion to the early 20th century practice of important people

wearing top hats rather than other hats.

top hat pension Pension scheme adapted for the most senior levels of an organisation.

top management Senior management of an organisation.

top-up payment Any payment that is designed to supplement another payment so that the total is a predetermined figure.
For childcare, the term is given a specific meaning under Childcare Payments Act 2014 s19.

top-up trade credit insurance Government facility introduced in the 2009 Budget to help restart the trade credit insurance market which had largely shut down in the economic crisis. The scheme offers a government pound for pound matching for trade credit insurance provisions.

TOR Treaty of Rome.

ToR Terms of reference.

TORO **Transfer of Rights and Obligations.**

tort Wrong for which compensation may be sought in a civil court. A common example is **negligence**.

tortfeasor Person who commits a **tort**.

tortoise Endangered animal. The importation of the animal or its products is generally prohibited under **CITES convention**.

tortuous Having the nature of a **tort**.

torture Crime of deliberately inflicting physical or mental pain on someone. It is illegal under Criminal Justice Act 1988 s134.

total Figure derived from **addition**.

total absorption costing In management accounting, the method of **absorption costing** where every overhead is considered in determining the price of the goods or services offered.

total account	Account which records totals taken from a ledger or prime book of account, and does not record each transaction separately.
total additional pay to date	For PAYE, "means the appropriate amount, established from an employer's code (where it is a K code to be used on the cumulative basis) and the taxables, to be added to the total payments to date in order to determine the total taxable payments to date" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
total amount of income treated as received	In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s794(1).
total amount of the debt	In relation to PAYE, the total amount owing to HMRC which may be recovered by adjusting a tax code (PAYE regulations SI 2003 No 2682 reg 14D(3)).
total assets	Aggregate of fixed assets , current assets and other assets such as long-term investments and goodwill .
total assets turnover ratio	Accounting ratio which indicates how a business uses its assets. The figure is calculated as sales divided by total assets.
total assets usage	Sales divided by total assets.
total borrowing	The total amount a person has actually borrowed on their account. Total Borrowing = Agreed/Total Facility - Additional Borrowing.
total compensation profit	Term used in relation to compensation for compulsory slaughter of animals. The term is defined in Income Tax (Trading and Other Income) Act 2005 s225ZB.
total comprehensive income	"The change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions from equity participants (equal to a sum of profit or loss or other comprehensive income)" (FRS 102 glossary).

total comprehensive income and profit or loss

“The arithmetical difference between income and expenses. It is not a separate element of financial statements, and a separate recognition principle is not needed for it” (FRS 102 section 2.43).

total cost

In management accounting, this is calculated in one of these ways:

- variable cost + fixed cost
- direct cost + indirect cost
- product cost + period cost.

total debtors account

The account which records the total amounts owed by debtors. It is calculated by adding the total for new debts and subtracting a total of cash received against debts, rather than by ascertaining how much is owed by each debtor.

total disability

Inability to undertake either occupational duties or aspects of normal day to day life. In an insurance policy providing cover against this contingency the definition applying to that contract is normally spelled out in detail. The exact definition may vary considerably between policies.

total dwellings

For stamp duty land tax, “is the total number of dwellings by reference to which **total dwellings consideration** is calculated” (Finance Act 2011 Sch 22 para 5(5)).

total dwellings consideration

For stamp duty land tax, “is —
(a) the total of the consideration attributable to dwellings for that transaction and all the other linked transactions that are relevant transactions, plus
(b) so much of the chargeable consideration for any of the linked transactions (whether or not relevant transactions) as is not included in the calculation under paragraph (a) but is attributable to the same dwellings by reference to which that calculation is made” (Finance Act 2011 Sch 22 para 5(4)).

total free pay to date

For PAYE, “in relation to any date, means the appropriate amount, established from an employee’s code (where used on the cumulative basis) and the tax tables, to be

subtracted from total payments to date to arrive at total taxable payments to date (and accordingly represents an appropriate part of reliefs allowable against those payments)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

total income	Total of all income which is subject to income tax (Income Tax Act 2007 s23).
total intestacy	When no property can pass on a person's death under the terms of the will, either because the person made no will, or the will is not valid. In such a case, the property passes under the Administration of Estates Act 1925 and subsequent legislation as if the deceased was intestate .
total invoice value	Total amount on an invoice, including all additions such as postage and VAT.
totalisator	For pool betting duty, "a machine or instrument used for pool betting calculations, whether mechanically operated or not" (Customs notice 147).
total liabilities	In accounting, current liabilities plus long-term liabilities .
total litre capacity	Capacity of a vehicle's fuel tank. From 1 November 2012, the penalty for improperly using rebated fuel in a vehicle is partly based on this capacity (HMRC Brief 29/12).
total loss	When an insured item, particularly a ship, is lost in circumstances where nothing is salvaged (Marine Insurance Act 1906 s68).
total net tax deducted	For PAYE, "in relation to the relevant payments made to an employee during any period, means the total tax deducted from those payments plus any tax accounted for in accordance with regulation 62(5) (notional payments), less any tax repaid to the employer" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
total overhead cost variance	In management accounting, the difference between the budgeted overhead and the actual overhead. The variance is usually expressed as a percentage, may be

considered for each cost centre and overall, and applies to both fixed and variable costs.

total payments to date

For PAYE, "in relation to any date, means the sum of all relevant payments made by the employer to the employee from the beginning of the tax year up to and including that date"
(PAYE Regulations SI 2003 No 2682 reg 2(1)).

total pension input amount

The aggregation of the pension input amounts in respect of each arrangement relating to an individual under a registered pension scheme of which the individual is a member.

total pensions savings amount

Term used in connection with the abandoned **high income excess relief charge**.

total product cost

In management accounting, **prime cost** plus **production overhead cost**.

Total Quality Management (TQM)

This usually involves the introduction of continuous monitoring. It refers to initiatives designed to improve the quality of products and services to meet customer's requirements.

total recognised gains and losses

Total of all gains and losses of the reporting entity attributable to shareholders recognised in a period (FRS 3).

total relevant turnover amount

In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A(8) as inserted by Finance (No 2) Act Sch 5.

The same definition is used for venture capital trusts in Income Tax Act 2007 s280C(9) as inserted by Finance (No 2) Act 2015 Sch 6.

total return

The combination of capital growth and reinvested income at the end of any given period. Total return performance

figures are always stated on an offer-to-bid price basis.

total return swap

Tax avoidance scheme whereby all or most of a company's profits are paid to an offshore company in the same group. This transfer is claimed as a business expense, reducing the company's liability to UK tax.

There is an exception where a company uses intra-group derivatives to hedge derivative contracts with third parties.

This scheme was made ineffective from 5 December 2013 by specific anti-avoidance legislation, as explained in an HMRC Technical Note of 13 December 2013.

total taxable payments to date

For PAYE, "means total payments to date reduced by total free pay to date or, as the case may be, increased by total additional pay to date (where the employee's code is used on the cumulative basis)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

total tax to date

For PAYE, "means the tax due at any date in accordance with the appropriate tax tables in respect of any total taxable payments to date" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

Tote

"Tote" is short for Totalisator, a system introduced to Britain in 1929 to offer pool betting on racecourses. It is dissolved by Horserace Betting and Olympic Lottery Act 2004 s1. Its full name is Horserace Totalisator Board.

toties quoties

Latin: as often as something happens.

totting up

Legal proceedings whereby minor offences are allocated points and a penalty is only imposed when a specified total is reached. The commonest example is being banned from driving on having 12 points imposed.

toujours perdrix

French: partridge every day. An expression that means "too much of a good thing".

Tour Operator

A travel agent acting as principal, including those acting as undisclosed agents; or a person providing, for the direct benefit of a traveller, services of a kind enjoyed by travellers and commonly provided by tour operators or

travel agents.

Tour Operator's Margin Scheme (TOMS)

Special VAT scheme which may be used by businesses which buy in and resell travel, accommodation and related supplies (Value Added Tax Act 1994 s53).

touting

Seeking business by approaching potential customers. For certain sports tickets, this is a criminal offence. It is also an offence for an unlicensed taxi driver.

TOW

Transport on water.

towage

Generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.

tower structure

In relation to **controlled foreign companies (CFCs)**, means a corporate financing structure involving intragroup loans between UK and US companies, and the use of the US "check the box" option.

The tax implication is discussed in HMRC guidance and supplementary guidance issued in 2014.

town and country planning

Series of laws that require planning permission for certain developments on land.

town-cramming

Practice of trying to put too much buildings on the land available.

town gas

Coal gas produced by a local authority until the gas industry was nationalised in 1948.

TP

(1) Taxpayer. This abbreviation is widely used by HMRC such as for noting details of telephone calls.

(2) Third party. This abbreviation is used in Corporation Tax Act 2009 s133D as inserted by Finance (No 2) Act 2015 s18.

TPA

Transfer of personal allowance.

TPD

(1) Tobacco Products Duty, an excise duty chargeable on tobacco products.

(2) Transvaal Provincial Division Reports, law reports

published between 1902 and 1946.

TPDA	Tobacco Products Duty Act 1979.
TPIM	Terrorism Prevention and Investigation Measure (Terrorism Prevention and Investigation Measures Act 2011 s2).
TPIM notice	Notice that may be imposed under Terrorism Prevention and Investigation Measures Act 2011 s2.
TPO	(1) Total power output. This term is used in Climate Change Levy (General) Regulations 2001 Sch 3. (2) Tree Preservation Order.
TPS Report	Document used in software engineering to describe the procedures and processes for testing the system. The letters stand for Transaction Processing System.
TPUK	Trade Partners UK. This was the division of British Trade International (BTI) responsible for promoting UK exports. In October 2003, BTI was renamed "UK Trade and Investment" and the Trade Partners UK identity fell out of use.
TPY	Total quantity of tobacco products removed for home use in a period of 12 months, an abbreviation used in Tobacco Products Duties Act 1979 s6A.
TQ	Tariff Quota. These are a form of EC preference under which limited amounts of specified goods may be admitted to free circulation at reduced or nil rates of duty and/or CAP levy within a given period. The limit may be expressed in units of weight, volume, quantity or value. Once a quota has been exhausted, the commodity may still be imported, but duty or levy is charged at the non-quota rate.
TQM	Total quality management.
TQSN	Tariff Quota Serial Number. This is the specific number given to each separate Tariff Quota to allow claims to each quota to be readily

identified.

TR	(1) Trust rate. This abbreviation for the rate applicable to trusts is used in Income Tax Act 2007 s496B. (2) All the rights of unit trust holders. This abbreviation is used in the formula in Corporation Tax Act 2009 s973(2).
TRA	Tobacco Retailers Alliance.
Trachtenberg System	System of simplified mathematics developed by Jakow Trachtenberg (1888-1953).
tracing property	Seeing what happens to property, as may be necessary in establishing whether there has been a gift with reservation for inheritance tax.
tracked vehicle	Road vehicle which is category H on the driving licence.
tracker fund	In investing, fund which is designed to track an index, such as FT-SE 100 index.
tracking device	Device which is attached to a car in a place not known even to its owner and which can locate the car if stolen.
track record	Record of how well a fund, person or organisation has performed. The term comes from sport.
tractor	<p>A category of excepted vehicle that may use fuel on which hydrocarbon oil duty has not been paid (such as red diesel).</p> <p>The vehicle must be “designed and constructed primarily for use otherwise than on roads. It must be used on public roads solely for:</p> <ul style="list-style-type: none">(a) purposes relating to agriculture, horticulture or forestry,(b) cutting verges bordering public roads, or(c) cutting hedges or trees bordering public roads or bordering verges which border public roads” (Customs notice 75). <p>For excise duty purpose, tractors and other farm vehicles are defined in Hydrocarbon Oil Duties Act 1979 Sch 1. Agricultural tractor is defined in para 2.</p>

trade

Definition

Commercial activity. The term has never been exhaustively defined for legal or tax purposes, but most applications follow a Royal Commission report which identified six badges of trade. These involved consideration of:

- (a) subject matter of realisation;
- (b) length of ownership;
- (c) frequency of transactions;
- (d) supplementary work;
- (e) circumstances which were responsible for the realisation; and
- (f) motive.

For example, the sale of a person's car is not a trade, even if he has worked on it. However reselling cars can become a trade, particularly if it happens frequently and there seems to be a pattern of trade.

Similarly VAT is only charged on trading activities, not on income from other sources such as a hobby.

Statutory definitions

For tax, "includes every trade, manufacture, adventure or concern in the nature of trade" (Taxes Management Act 1970 s118(1)).

Some additional comments are provided in Corporation Tax Act 2009 s298 regarding **loan relationship**.

Some case law

An isolated transaction of the sale of whisky was held to be a trade as there was a clear profit motive. *CIR v Frazer [1942] 24 TC 948*.

The occasional sale of land to the government was not trading. *Hudson Bay Co Ltd v Stevens [1909] 5 TC 424*.

The sale of a house that a trader intended to live in, but then changed his mind and sold at a profit, was not trading. *Taylor v Good [1974] STC 148*.

An insurance company was trading when it bought and sold shares. *CIR v Scottish Automobile & General Insurance Co Ltd [1931] 16 TC 381*.

The sale of a large quantity of paper by a money lender was a trade. *Rutledge v CIR [1929] 14 TC 490*.

The sale of a large quantity of government surplus aeroplane linen by a merchant of agricultural machinery

was trading even though it did not relate to his trade.
Martin v Lowry [1926] 11 TC 297.

A syndicate of three individuals were trading when they bought quantities of two different brandies to be blended, bottled and sold. This was not an investment.
Cape Brandy Syndicate [1921] 12 TC 358.

tradeable asset	Asset given to an employee by or on behalf of the employer. This usually triggers a liability to income tax and national insurance.
trade agreement	International agreement between countries over trading terms.
trade association	<p>“Organisation formed for the purpose of furthering the trade interests of its members, or of persons represented by its members” (Companies Act 2006 s375(2)).</p> <p>Payments to such bodies are not regarded as political expenditure, even if the trade association engages in political activity.</p> <p>The VAT position is explained in VAT leaflet 701/5.</p>
trade barrier	Limit imposed by a government which restricts trade between that country and other countries. The commonest example is a restriction on imports.
trade bill	Bill of exchange issued between two companies which trade with each other. One company endorses the other's bills.
trade board	Committee of workers and management that were once set up under an Act of Parliament to consider labour conditions in a particular industry.
trade body	Another name for a trade association .
trade classification	<p>Four digit code which classifies the nature of different businesses. From 1990, such a code is allocated when a company registers at Companies House. The code is also used for VAT purposes.</p> <p>The first two digits indicated the Group of activity. For example 00 indicates agriculture, forestry and fishing. Trade classification 0011 is livestock farming.</p>

trade controls	<p>“In relation to any goods, means the prohibition or regulation of:</p> <ul style="list-style-type: none">(a) their acquisition or disposal;(b) their movement; or(c) activities which facilitate or are otherwise connected with their acquisition, disposal or movement (Export Control Act 2002 s4(2)).
trade counter	<p>Counter in a shop which is reserved for supplying businesses rather than consumers.</p>
trade credit	<p>Normal trading terms offered by a company to its customers, such as where invoices are issued for payment at the end of the month.</p>
trade creditors	<p>Persons who supply goods or services to a business in the normal course of trade and allow a period of credit before payment must be made.</p>
trade cycle	<p>The trade cycle is the fluctuations in the rate of economic growth that take place in the economy. These fluctuations appear to occur around every five years and have probably occurred ever since economies have occurred! It is the aim of all governments to try to dampen the effects of the trade cycle and get more balanced long-term growth, but so far they have had limited success. The peak of the trade cycle is usually referred to as a boom, and the trough as a recession or depression.</p>
trade date	<p>Date on which an organisation becomes committed to buy an asset.</p>
trade debt	<p>Sum owed by one business to another from normal trading activities.</p> <p>A trade debt assigned to an employee is taxed as gross pay under the PAYE system from 2 July 1997.</p>
trade debtors	<p>Persons who buy goods or services from a business in the normal course of trade and are allowed a period of credit before payment is due.</p>
trade deficit	<p>Difference between a country's exports and its imports.</p>

trade description	Description of a product or service offered for sale. It is an offence for this description to be false or misleading.
trade dispute	<p>Dispute between workers and their employer. Provided the dispute is within a legally defined range of issues, the workers have protection from being sued for tort.</p> <p>Many of the legal implications are explained under strike.</p> <p>An employee engaged in a trade dispute is not entitled to any tax rebates generated under the PAYE scheme (PAYE Regulations SI 2003 No 2682 reg 64). The PAYE implications on a business succession are given in reg 104.</p>
Trade Disputes Act	Law passed in 1927 which made sympathetic strikes illegal. The Act was repealed in 1946, though sympathetic strikes have again been made illegal.
trade dollar	United States silver dollar minted until 1887 specifically for trade with the Far East.
traded option	An option which may itself be bought and sold as a security.
trade dress	<p>Term used in the USA and some other jurisdictions to mean the appearance of a consumer product. An action may be brought for producing a product that copies the trade dress.</p> <p>In the UK, the law is called passing off. It is not readily enforced as can be seen by walking round almost any supermarket shelves.</p>
traded services	In management accounting, a service that has a zero budget and has to generate sufficient income from the delivery of services to paying customers to cover their total costs.
trade discount	Reduction in price given to a customer in recognition of that customer's trade.
trade dispute	<p>"A dispute between employers and workers, or between workers and workers, which is connected with one or more of the following matters:</p> <p>(a) terms and conditions of employment, or the</p>

physical conditions in which any workers are required to work;

(b) engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers;

(c) allocation of work or the duties of employment as between workers or groups of workers;

(d) matters of discipline;

(e) the membership or non-membership of a trade union on the part of a worker;

(f) facilities for officials of trade unions; and

(g) machinery for negotiation or consultation, and other procedures, relating to any of the foregoing matters, including the recognition by employers or employers' associations of the right of a trade union to represent workers in any such negotiations or consultation or in the carrying out of such procedure" (Trade Union and Labour Relations (Consolidation) Act 1992 s218 and s244).

traded option

Option that is a security in its own right, as against a **traditional option**.

The capital gains tax implications are given in Taxation of Capital Gains Act 1992 from s143.

Trade Facility Warehouse

Approval is restricted to the specific needs of an export shop. The qualifying criteria of a general storage and distribution warehouse, is not required for this type of warehouse.

trade fair

Exhibition of goods and services relating to a particular trade.

trade fixture

Fixture attached to a property by a tenant for the purpose of a trade. The tenant may remove trade fixtures at any time during the tenancy.

trade gap

Another term for **trade deficit**.

trade income relief

Carry-forward trade loss relief plus **terminal trade loss relief** (Income Tax Act 2007 s95(3)).

trade in question	<p>Term used in Income Tax Act 2007 s294(5) in relation to VCT relief.</p> <p>It refers to the trade of the company in which funds are invested, and means either the trade itself or preparations for a trade. Such a trade must not be in an area which is excluded from relief.</p>
trade investments	<p>In the context of controlled foreign companies, "means securities any profit on the sale of which would not be brought into account as a trading receipt in computing the chargeable profits of an accounting period in which that profit arose" (Income and Corporation Taxes Act 1988 Sch 25 para 11(5)).</p>
trade journal	<p>Publication for those engaged in a particular trade.</p>
trade liberalisation	<p>Economic term for process whereby a country relaxes protectionism and other restrictions on free international trade.</p>
trade-machinery	<p>Any machinery used in a factory or workshop as defined in Bills of Sale Act 1878 s5.</p>
trade mark	<p>Name, logo or similar which identifies the make or model of a product (Trade Marks Act 1994).</p> <p>A company may be able to claim tax relief for expenses related to a trade mark (Corporation Tax Act 2009 s90).</p>
trade mission	<p>Visit by a group of people to a country to discuss trade.</p>
trade name	<p>Name which identifies the make or model of a product or service.</p>
trade-off	<p>Negotiation where one liability is set against another. The plural is trade-offs.</p>
trade or professional compensation fund	<p>In relation to inheritance tax, "means a fund which is maintained or administered by a representative association of persons carrying on a trade or profession and the only or main objects of which are compensation for or relief of losses or hardship that, through the default or alleged default of persons carrying on the trade or</p>

profession or of their agents or servants, are incurred or likely to be incurred by others" (Inheritance Tax Act 1984 s58(3)).

trade payables

Amounts due to suppliers (**trade creditors**), also called **accounts payable**.

trade price

Price at which a business is prepared to sell its products or services to someone in a particular trade or in business generally.

trade profits

When earned by an individual or a partnership, these are subject to income tax (Income Tax (Trading And Other Income) Act 2005 from s5).

trade protection association

Organisation to protect the interests of its members who are trading bodies. There are some special tax arrangements which are discussed in the Inspectors' Manual at BIM24805. See also **Lochgelly principle**.

trader

Person who buys or sells items for profit in the course of a **trade**.

For the purposes of consumer protection, the term "means a person acting for purposes relating to that person's trade, business, craft or profession, whether acting personally or through another person acting in the trader's name or on the trader's behalf" (Consumer Rights Act 2015 s2(2)).

Trader Account Payment System

System which provides national information on excise traders' accounts and payment details.

trade receivables

Amounts due from customers (**trade debtors**), also called *accounts receivable*.

trade related property

Property whose nature is essential for the trade. Examples include pubs, hotels, cinemas, theatres, petrol stations, care homes and restaurants.

HMRC takes the view that where such a property is sold, a distinction should be made between the goodwill of the business and the enhanced value of the property.

trader seal	Seal of an authorised trader which HMRC may allow the trader to use instead of a Customs official seal. Details are given in Customs notice 205.
trade secret	Knowledge used in a business which judges that public knowledge would be harmful to its commercial interests. A business is generally not required to disclose such a secret in any legal proceedings or tax investigation.
trade surplus	Amount by which a country's exports exceeds its imports.
trade terms	Terms of business under which two companies do business.
trade tools	Tools that are used in a trade. The income tax position is explained in Income Tax (Trading And Other Income) Act 2005s68. The corporation tax position is explained in Corporation Tax Act 2009 s68.
trade union	Definition An organisation which "consists wholly or mainly of workers of one or more descriptions and whose principal purposes include the regulation of relations between workers of that description or those descriptions and employers or employers' associations" or a body which comprises such organisations (Trade Union and Labour Relations (Consolidation) Act 1992 s1). A trade union is not a corporate body but has a similar ability to make contracts, to sue and to be sued (ibid s10(1)). Payments to Subscriptions to a trade union are not tax deductible except to the extent that they relate to superannuation, life insurance or funeral benefits (Income Tax Act 2007 s457). Value added tax Their VAT liability is explained in VAT leaflet 701/5.
trade union activities	Work undertaken by an official of a trade union in that capacity but not including any industrial action (Trade Union and Labour Relations (Consolidation) Act 1992

s170). The official has the right to paid leave for such work under ibid s168.

trade union dues

Subscription paid by a member of a trade union.

An employer may agree to collect these from wages and pass them directly to the trade union. This arrangement is widely known as **check-off**. An employer is not required to operate the system, and must cease making deductions for any employee as soon as possible after the employee notifies the employer.

The payment must be authorised in writing by the employee before the first deduction is made. From 23 June 1998, the notification for trade union dues is the same as for other authorised deductions for wages.

For the period from 30 August 1993 to 22 June 1998, there were additional provisions which had to be followed for check-off, such as requiring the employee to renew the authorisation every year.

Some trade unions collect a **political levy** in addition to the normal dues. This goes to a political party supported by the trade union, which is almost always the Labour party. Under Trade Union and Labour Relations (Consolidation) Act 1992 s86, an employee has the right not to pay this political levy. An employee who believes that the political levy is being deducted unlawfully may appeal to an employment tribunal.

trade union register of members

A list of members which every trade union must compile and maintain under Trade Union and Labour Relations (Consolidation) Act 1992 s24.

trade value at balance sheet (TVBS)

The value of an item as trading stock at the day the trader makes up his balance sheet. This is widely used in the second-hand car trade.

For the purposes of income tax and corporation tax, TVBS may be used to value cars accepted in **part exchange**.

trade value

Value of an item as a trader's stock. The term is widely used for second-hand cars.

trade-weighted index	Index of the value of a currency against a basket of currencies .
trading	Commercial activity of buying and selling.
trading account	<p>Any account which shows the pattern of trading for a period. The most common form is the profit and loss account.</p> <p>In older forms of bookkeeping, a separate trading account was prepared. The profit and loss account was credited with the gross profit from the trading account.</p>
trading certificate	<p>Document issued by Companies House to a public company under Companies Act 2006 s761.</p> <p>A public company may not do any business nor borrow any money until it has this certificate. There is no such restriction for private companies.</p>
trading company	<p>Company set up for a commercial purposes, as against a charity, professional body, trade association or similar.</p> <p>In the context of employee-controlled companies, means "a company whose business consists wholly or mainly of the carrying on of a trade or trades" (Income Tax Act 2007 s397(6)). The same definition is used for distributions in Corporation Tax Act 2010 s185.</p> <p>For the oil industry, a definition appears in Corporation Tax Act 2010 s279H(4).</p>
trading disclosures	Term used in Companies Act 2006 s1051 in relation to those matters that an overseas company operating in the UK may be required to disclose under regulations.
trading estate	Area of land designated for the purpose of commercial activities.
trading financial assets	Financial assets held for the purpose of producing a profit.
trading group	"A group the business of whose members, when taken together, consists wholly or mainly in the carrying on of a trade or trades" (Income Tax Act 2007 s151(1)).
trading group	In the context of employee-controlled companies means "a group the business of whose members taken together

consists wholly or mainly of the carrying on of a trade or trades (taking a group to consist of a company with one or more 75% subsidiaries and those subsidiaries)" (Income Tax Act 2007 s397(6)).

trading income

Term used for income tax purposes for the profits from a **trade**. Before 6 April 2005, this was known as Schedule D Case I.

For corporation tax, the term is stated in Corporation Tax Act 2009 from s34.

The term is used in the Inspectors' Manual from BIM40051. This states that the term includes "most receipts in the hands of a person carrying on a trade etc... from the disposal of trading stock, provision of services etc". In marginal cases, two questions should be asked:

- does the sum at issue arise from the trade at all?
- if it does, is it a capital or revenue item?

trading income resources

Term used in Income Tax Act 2007 s528 in relation to charitable trusts.

trading in financial assets and financial liabilities

Buying, selling, issuing or holding financial assets and liabilities to take advantage of short-term changes in market prices, or to facilitate customer transactions (FRS 13).

trading interest

Interest paid by a company on loans to fund its trading. Such interest is an allowable tax deduction in the **loan relationship** rules of Corporation Tax Act 2009 Part 5.

trading justice

Term used in 18th century for people who sought the office of **justice of the peace** (magistrate) primarily to advance their trading interests.

trading limit

Maximum amount of liability which may be incurred by a trader.

trading loss

Loss which a business sustains from its trading activities.
"Loss made in a trade in the surrender period" (Corporation Tax Act 2010 s100(1)). S100(2) goes on to exclude a loss made overseas and some other reliefs.

trading partner Person, business or country with whom a person engages in trade.

trading profit Profit which a business earns from its trading activities.

trading requirement Requirement that a tax relief for investment in a company depends on that company trading, particularly the condition for **EIS relief** set out in Income Tax Act 2007 s181.

trading stamp Special stamp issued by a shop according to the value of purchases made. These are collected in books which may be redeemed for goods or cash.
There are special VAT provisions in Value Added Tax Act 1994 s52.

trading stock *Corporation tax*
Stock and property used to make the goods or services of a business (Income and Corporation Taxes Act 1988 s100(2) and Corporation Tax Act 2009 s156).
For corporation tax, the term "includes, also any services performed in the ordinary course of the trade —
(a) the performance of which is wholly or partly completed at
the time of the cessation, and
(b) for which it would be reasonable to expect that a charge
would be made if there were no cessation and, in the case of
partly completed services, their performance were fully
completed,
and any article produced, and any material used, in the performance of such services" (Corporation Tax Act 2009 s1632(2)).

Income tax

The term "in relation to a trade, means anything (whether land or other property) —
(a) which is sold in the ordinary course of trade,
or
(b) which would be so sold if it were mature, or its manufacture, preparation or construction were complete"

(Income Tax (Trading and Other Income) Act 2005 s172A(1).

“It does not include —

(a) materials used in the manufacture, preparation or construction of any such thing,

(b) any services performed in the ordinary course of the trade, or

(c) any article produced, or any material used, in the performance of such services” (Income Tax (Trading and Other Income) Act 2005 s172A(2)).

For trading stock on cessation of trade, the definition of s172A(1) is repeated as s174(1).

trading stock appropriated by trader

The trader must account for such stock on the basis of its selling price and not its cost (Income Tax (Trading and Other Income) Act 2005 s172B).

trading stock appropriations

In relation to the taxation of securities under the **accrued income scheme**, this term is explained in Income Tax Act 2007 s650.

trading test

Test designed to determine whether an activity is taxable as a trade. The term is particularly used in relation to illegal activities. It is discussed in the Inspectors' Manual at BIM22007.

trading vehicle

Term sometimes used to indicate the legal status of a trading body, such as sole trader, partnership, unlimited company, limited company etc.

trading with the enemy

Making a commercial arrangement with a person, public body or commercial organisation based in a country with which the UK is at war. It is a criminal offence under Trading with the Enemy Act 1939.

traditional option

Right to acquire a share or security at a future date, usually at a price already agreed. A traditional option is not itself a saleable security, unlike the **traded option**.

traditional taxes

Term for taxes that were levied without Parliamentary approval, even though this has been required since Magna Carta 1215. The last two such taxes were tunnage and poundage which were given statutory recognition in

1658.

traffic offences

Offences relating to driving vehicles.

trailer

Vehicle without an engine which attaches behind another vehicle to provide additional cartage. This may be towed by a car under certain conditions.

A car driver who passed the test before 1 January 1997 may drive a car towing a caravan provided their combined weight (**MAM**) does not exceed 8.25 tonnes. From 1 January 1997, drivers must either have a licence for category C or D vehicles to tow a caravan or trailer with a weight of more than 750 kilograms.

There are also regulations regarding the construction and use of trailers.

trainee

Person who is being trained to do a job

train fares

Zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.

training

General

Activities which are designed to make a person able to perform certain duties or occupations. It differs from **education** in being related to specific work.

Benefit in kind

Work-placed training may be exempt from the rules about taxable benefits in kind under provisions in Income Tax (Earnings And Pensions) Act 2003 from s250.

Training Agency (TA)

Name briefly given to what was the **Manpower Services Commission** in 1987 before it was wound up in 1990.

training and enterprise councils (TECs)

Local bodies established in 1989 in England and Wales to provide training programmes previously offered by the **Manpower Services Commission**. They ran programmes such as **Youth Training Scheme (YTS)** and the first **modern apprenticeships**.

Between 1 April 1990 and 31 March 2000, a company could claim tax relief for contributions to a TEC.

TECS were abolished in 2001 under Learning and Skills Act 2000. Their functions were taken over by the

Learning and Skills Council and its Welsh equivalent. This was itself abolished in 2009 and its functions transferred to **Young Peoples Learning Agency**.

training course

Consideration needs to be given on:

- whether this is an allowable business expense; and
- whether this is a taxable benefit in kind for the employee.

The former is discussed in the Inspectors' Manual at BIM 42526. The tax allowability for food and accommodation is discussed at BIM 45047.

training levy

Sum which certain businesses must pay to a training board in their area of business.

training materials

"Includes stationery, books or other written material, audio or video tapes, compact disks and floppy disks" (Income Tax (Earnings And Pensions) Act 2003 s254(3)).

The provision of such materials as part of work-related training may be exempt from tax.

training mode

Term used in **EPOS** systems used by retailers to train check-out staff.

This allows the equipment to be used to check-out purchases in the normal way but without entering the details as genuine sales.

training officer

Person who oversees the training of staff within an organisation.

training-related asset

Asset used in relation to work-related training, and whose provision by an employer may be exempt from income tax (Income Tax (Earnings And Pensions) Act 2003 s254(2)).

tramway

For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).

tranche

Series of instalments or amounts in relation to loans, payments and similar.

transaction	Any activity or accounting adjustment requiring an entry in the financial records.
transaction at undervalue	The Pensions Regulator may make a restoration order under Pensions Act 2004 s52.
transaction charge	charge made by a bank for each transaction, in addition to any account maintenance charge.
transaction costs	<p>Costs which are directly related to specific transactions, particularly buying and selling assets. Such costs include delivery, installation, instruction into use and commissions.</p> <p>In relation to accounting for financial instruments, "incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, or the issue or reacquisition of an entity's own equity instrument. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial asset or liability, or had not issued or reacquired its own equity instrument" (FRS 102 glossary).</p>
transaction date	Date on which a transaction is regarded as taking place. This can be important for determining the period in which it is taken into the accounts and subject to any tax implications.
transaction in land	Anti-avoidance provisions are given in Income Tax Act 2007 from s752.
transaction in securities (TiS)	<p>For tax purposes, transactions in securities are subject to Corporation Tax Act 2010 ss682 to 687.</p> <p>A transaction includes:</p> <ul style="list-style-type: none">• the purchase, sale or exchange of securities;• issue of new securities;• applying or subscribing for new securities;• altering the rights of securities. <p>It does not include the payment of dividends or other distributions, nor the distribution of funds on liquidation.</p> <p>There are similar provisions in Income Tax Act 2007 from s682.</p>

transactions in securities	<p>For HMRC data-gathering powers, the term “means transactions, of whatever description, relating to securities, and includes in particular —</p> <ul style="list-style-type: none">(a) the purchase, sale or exchange of securities,(b) issuing or securing the issue of new securities,(c) applying or subscribing for new securities, and(d) altering or securing the alteration of rights attached to securities” <p>(Finance Act 2011 Sch 23 para 19(4)).</p>
transaction to obtain allowances	<p>Transaction where someone is only a party as a means of obtaining a capital allowance that would otherwise not be available.</p>
transaction value	<p>Value used to determine the amount on which Customs duty is payable, provided the method is possible to use. It is the first preference to determine import value.</p>
transfer	<p>Moving something or someone from one place to another. The commonest uses are when funds are moved between accounts and when employees are moved between departments.</p> <p>The term is also specifically used in Companies Act 2006 s776 to mean a document that transfers ownership of shares. Such a document usually requires payment of stamp duty.</p>
transferability	<p>The extent to which a share or other security may be transferred to another person. For company shares, this is regulated by Companies Act 2006 s544.</p>
transferable	<p>Able to be transferred.</p>
transferable amount	<p>Amount of personal allowance that may be transferred between partners to a marriage or civil partnership under the rules for transferable tax allowance.</p> <p>The amount is defined as £1,050 for 2015/16 tax year, and 10% of the personal allowance for subsequent years (Income Tax Act 2007 s55B(4) as inserted by Finance Act 2014 s11).</p>
transferable tax allowance	<p>Part of an otherwise unused personal allowance for income tax that may be transferred between partners to</p>

a marriage or civil partnership.

The transfer is of an amount equal to one tenth of the personal allowance for that year. The amount may only be transferred if neither partner is a higher rate taxpayer.

These provisions apply from 6 April 2015. The law is Income Tax Act 2007 ss55A-55E as inserted by Finance Act 2014 s11.

transfer case

File made of tough paper used for storage of bulk documents.

transfer controls

“In relation to any technology, means the prohibition or regulation of its transfer:

(a) by a person from a place within the United Kingdom to a person or place outside the United Kingdom;

(b) by a person or from a place outside the United Kingdom to a person who, or a place which, is also outside the United Kingdom (but only where the transfer is by, or within the control of, a United Kingdom person);

(c) by a person or from a place within the United Kingdom to a person who, or a place which, is also within the United Kingdom (but only where there is reason to believe that the technology may be used outside the United Kingdom); or

(d) by a person or from a place outside the United Kingdom to a person or place within the United Kingdom (but only where the transfer is by, or within the control of, a United Kingdom person and there is reason to believe that the technology may be used outside the United Kingdom).

(Export Control Act 2002 s2(2)).

transfer date

Date on which assets are transferred. This date can be important for capital gains tax and inheritance tax in determining such matters as period of ownership and the rate of tax payable.

transferee

Person to whom property is transferred.

transferee company

Company to which the whole or part of its undertaking or property is transferred in an amalgamation or reconstruction (Companies Act 2006 s900(1)).

For inheritance tax and close companies, the term is given a specific meaning in Inheritance Tax Act 1984 s95.

transfer fee

Amount paid to secure the services of a sportsman in a team. Such fees are particularly common in football.

The sums represent an intangible asset for the sports club. As such the sum must be accounted for under the provisions of FRS10. For tax purposes, the amount is regarded as any other capital asset. Before 1999, clubs were allowed to regard such expenditure as revenue. That has now been outlawed. However, Finance Act 1996 s63 introduced a transitional provision for transfer fees after 31 March 2002. The matter is discussed in the Inspectors' Manual at BIM34090.

transfer freight manifest

Removal authority for airfreight consignments which are to be transferred from one **transfer shed** to another before going to their final destination.

transfer journal

Term for an ordinary **journal** to distinguish it from other books of account which function as a journal.

transfer lump sum death benefit

A lump sum benefit paid from a money purchase arrangement for the benefit of another member of the same pension scheme following the death of a scheme member (or a dependant of such a member), who is aged 75 or over, which meets the conditions of paragraph 19, Schedule 29 to the Finance Act 2004. Such a lump sum cannot be paid where there is still a surviving dependant of the member.

transfer notice

Notice from HMRC transferring the PAYE liability of a **managed service company** under the provisions of PAYE regulations SI 2003 No 2682 from reg 97C.

transfer of a going concern (TOGC)

Definition

Disposal of a business as a business rather than a disposal of just its assets.

Accounting

In accounting, a TOGC is likely to be at a price greater than the value of its net assets. The excess, which is

derived from its ability to trade, is known as **goodwill**.

Value added tax

In VAT, there is a special provision which ensures that no tax is charged on a TOGC, though VAT is usually chargeable on a disposal of assets (Value Added Tax Act 1994 s49).

Company law

In company law, directors may make special provision for employees in a TOGC under Companies Act 2006 s247.

Employment law

In employment law, the employees may be protected under Transfer of Undertakings (Protection of Employment) Regulations 1981.

transfer of an income stream The income tax provisions are set out in Income Tax Act 2007 from s809ZA.

transfer of assets abroad Common means of tax avoidance. Anti-avoidance provisions are set out in Income Tax Act 2007 from s714.

transfer of business assets Transfer of assets used by a business but which fall short of transferring the entire business.
For capital gains tax, the tax treatment is given in Taxation of Capital Gains Act 1992 from s152.

transfer of economic benefits In accounting, a requirement for an item to be regarded as a **liability**. In most cases, the transfer of economic benefits simply means a duty to pay money.

The event that triggered the duty to transfer must have already happened.

transfer of personal allowance (TPA)

Term used by the government in its considerations that led to the transferable marriage allowance introduced in 2015.

transfer of property

For capital gains tax of trusts, this is given a specific meaning in Taxation of Capital Gains Act 1992 s68B(2).

For income tax, an equivalent meaning is given in Income Tax Act 2007 s470(3).

transfer of residence

Customs term for when a person relocates to the UK. Generally, goods (including cars) that accompany a relocated person are free of duty, subject to some conditions (Customs notice 3).

Transfer of Rights and Obligations (TORO)

In relation to Customs duties, the transfer of rights and obligations agreed by the supervising office of HMRC. Further details are given in Customs Information Paper 44 of 2 November 2015.

transfer of risk

The point at which a risk legally passes from one person to another, such as in the sale of goods.

transfer of shares

The point at which legal title to a share passes to another person. For private companies this may be subject to legal restriction.

The process involves a contract to sell, delivery of share certificate (or electronic equivalent) and amendment in the company register. It is at the last stage that the shares are transferred.

Note that a transfer requires action by the owner. In other cases, such as on death of a shareholder, there is said to be a **transmission** of shares.

transfer of unused nil-band

Provisions of Inheritance Tax Act 1984 s8A.

For deaths from 9 October 2007, a transfer may increase a transferor's **nil band** by up to 100% by claiming the proportion of nil band unused by a previous spouse or civil partner on their death. For example, a widow dies on 1 January 2011. Her husband had died on 1 February 2008 when the rate of nil band was £300,000. Her husband left £100,000 to their children and the balance to his wife.

This means that two-thirds of the husband's nil band was unused. At the time of the widow's death, the nil band was £325,000. This means that she may increase her nil band by the husband's unused two-thirds from £325,000 to £433,333.

It should be noted that this provision requires no action to be taken on the first death. There is no limit on how long ago the partner died. If the partner died before the introduction of inheritance tax in 1986, the nil band for capital transfer tax or estate duty is used instead.

It should also be noted that the 100% maximum restricts the transfer when the deceased has two or more former partners.

transfer of property

Act of moving property from one owner to another.

transfer of value

“A disposition made by a person (the transferor) as a result of which the value of his estate immediately after the disposition is less than it would be but for the disposition; and the amount by which it is less is the value transferred by the transferor (Inheritance Tax Act 1984 s3(1)).

transfer of value by trustees linked with trustee borrowing

The tax provisions are set out in Taxation of Capital Gains Act 1992 Sch 4B.

transfer on death

Occasion on which property becomes subject to inheritance tax (Inheritance Tax Act 1984 s4).

transfer on same day

Inheritance tax provision set out in Inheritance Tax Act 1984 s266(2).

This is an exception to the general IHT rule that transfers are considered in date order, and is also an exception to the general legal rule that time is infinitely divisible. If transfers are made by the same transferor on the same day, all those transfers are regarded as a single transfer made on the same day. A delay of one day is sufficient to create a second or supplementary transfer.

If one or more transfer is paid gross of tax, and one or more is paid net of tax, the transferor may choose which to regard as having been made first, so as to minimise the tax payable (Inheritance Tax Act 1984 s266(1)).

If the annual exemption limit is reached on the day of the transfer, it is apportioned pro rata between the transfers (Inheritance Tax Act 1984 s19(3)(b)).

transferor

Person who transfers property to another.

transferor by delivery

Where the holder of a bill of exchange payable to bearer negotiates it by delivery without indorsement (Bills of Exchange Act 1882 s58(1)).

transferor company	<p>In company law, the company where the whole or part of its undertaking is transferred to another company in a reconstruction or amalgamation (Companies Act 2006 s900(1)).</p> <p>For inheritance tax and close companies, the term is given a specific meaning in Inheritance Tax Act 1984 s95.</p>
transfer order	<p>Order that may be made transferring the contract of employment of an individual in the health service under the provisions of Care Act 2014 s118.</p>
transfer payments	<p><i>General</i></p> <p>Transfer payments are payments for which no good or service is exchanged. This includes things like benefits, pensions and lottery payments. A significant proportion of government expenditure is on transfer payments.</p> <p><i>Pensions</i></p> <p>For pensions, “value of the benefit to which a member is entitled on transferring to another occupational or personal pension scheme” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).</p>
transfer pricing	<p>Pricing policy between two connected persons.</p> <p>There are special tax provisions to avoid transfer pricing being used to avoid tax. Suppose a company makes components in a low-tax country. These are sold to a company in the same group in the UK which assembles them into machines. As both companies are controlled by the same board, it is a simple matter to inflate the prices at which the components are sold to the UK company. Overall, the group makes the same profit; it has simply transferred much of that profit to the company in the low-tax country.</p> <p>To counter this, HMRC may require the UK company to substitute an arm's length price for the transfer price.</p> <p>Where the rules on a trade appropriating trading stock for personal use are also affected by transfer pricing, the transfer pricing rules take precedence (Income Tax (Trading and Other Income) Act 2005 s172F).</p>
Transfer Pricing Board	<p>Part of HMRC that deals with transfer pricing cases where the tax under consideration is between £25m and £100m</p>

(HMRC Notice of 20 December 2013).

Transfer Pricing Panel	Part of HMRC that deals with transfer pricing cases where the tax under consideration is between £5m and £25m (HMRC Notice of 20 December 2013).
transfer provision	Enactment that allows payment from the National Insurance Fund to be made to a money purchase contracted-out pension scheme (Social Security Contributions (Transfer of Functions, Etc.) Act 1999 s21).
transferred charge	Where a charge which should be paid by one person is passed to another, such as when a person agrees to pay for a telephone call to him.
transferred income streams	Corporation tax provisions are given in Corporation Tax Act 2009 from s486F.
transferred property	In relation to income tax and settlements, the term is defined in Income Tax Act 2007 s471(5).
transferred trade	<p>In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A(8) as inserted by Finance (No 2) Act Sch 5.</p> <p>The same definition is used for venture capital trusts in Income Tax Act 2007 s280C(9) as inserted by Finance (No 2) Act 2015 Sch 6.</p>
transfer scheme	<p>Any arrangement whereby the assets, liabilities, undertaking, profits or losses of one entity are legally passed to another.</p> <p>This may be effected by a legal document or by statute. An example of the latter is given in Postal Services Act 2011 s8.</p> <p>A more general power is given in Public Bodies Act 2011 from s23. The tax provisions are given in s25.</p>
transfer scheme arrangements	Term used in Income and Corporation Taxes Act 1988 s444AEA and elsewhere in relation to the tax implications on a transfer of assets of a life assurance business.
transfer transport	“Transport by sea or air between the mainland of Great Britain and Northern Ireland and the offshore installation

..." (Income Tax (Earnings And Pensions) Act 2003 s305(3)).

Such transport is usually exempt from tax.

transfer value

Instead of receiving a preserved pension when leaving an occupational pension scheme, a member has the right to transfer its value to a scheme operated by a new employer or a personal pension plan. The transfer value is the amount that is transferred. (N.B. An occupational pension scheme is not bound to accept a transfer value)

transhipment

Moving goods from one vehicle to another to continue their carriage to their final destination.

No duty is charged on transhipped goods, but Customs must be satisfied that only transhipment is involved.

transit

The movement of goods from one European Union (EU) Member State to another without the need to 'enter' them to a customs procedure.

Transit Accompanying Document (TAD)

Document produced by the **New Community Transit System** and which must travel with exported goods. It is presented at each office of transit noted on the declaration.

transit day

Day spent in the UK while travelling between two other countries.

Such a day is not regarded as a day spent in the UK for the purposes of the **statutory residence test** for tax purposes.

It is a condition that the taxpayer leaves the UK on the day after arriving and does not engage in any activity which to a substantial extent is unrelated to the taxpayer's work, such as visiting friends or attending a show.

transit shed

Place where goods may be held pending payment of customs duty. Such a shed must be approved under Customs and Excise Management Act 1979 s25.

transitional addition

In social security, an amount that may be added to **employment support allowance** when the amount is less

than the benefits previously received by the claimant. All such additions cease in 2020 and may be reduced before then.

Transitional Assembly Assembly created in Northern Ireland before government was fully devolved (Northern Ireland (St Andrews Agreement) Act 2006 s1(1)).

transitionally-protected interest

An interest in a financial arrangement that is protected under **transitional provisions** on a change of law.

An example of this can be found in Inheritance Tax Act 1984 s46A.

transitional protection

Term used in relation to universal credit.

Between 2013 and 2017, recipients of other means-tested benefits are being migrated to universal credit. If the claimant finds that the amount of universal credit is less than previous benefits, transitional protection increases universal credit to the previous figure. This amount is then frozen until exceeded by the amount of universal credit.

Transitional protection only applies to those who have been migrated to universal credit. It does not apply to new claimants, nor to those who make a new claim on a change of circumstances.

transitional provision

Any provision which allows a new rule to be phased in to minimise its impact.

Transitional provisions are widely encountered in tax law to minimise a significantly larger tax burden which could fall on some taxpayers on a change in the tax system.

transitional rate

Rate at which a **state pension** may be paid to someone who has at least one qualifying year between 1978 and 2016 (Pension Act 2014 s4).

A qualifying year is one in which the person has a full national insurance record. A person needs 35 such years for a full state pension from 6 April 2016.

transitional relief

Informal term for the provisions of Inheritance Tax Act 1984 s7(4).

A **potentially exempt transfer** escapes inheritance

tax if the transferor lives for another seven years. It is fully taxed at the **death rate** if the transferor dies within three years. Between those periods, relief is given at 20%, 40%, 60% and 80% for deaths after three, four, five and six years respectively.

transitional serial interest Tax-advantaged (ie not tax-disadvantaged) form of trust for inheritance tax purposes. The law is Inheritance Tax Act 1984 from s49B.

transitional support Short-term social security relief when a person loses **housing benefit** because they are caught by the **benefits cap**.

transitional tax credit Reduction in the full rate of **aggregates levy** when introduced to Northern Ireland (Finance Act 2001 s30A).

transit procedure One of several **Customs procedures** which may be applied to goods presented to Customs on being imported.
The procedure permits either external transit or internal transit. External transit allows goods to move within the EU without being subject to duties or other restrictions. This ends when the goods arrive at their final destination. Internal transit allows the goods to pass through a third country to a final destination in another EU state.

transit shed Place near an **approved wharf** where imported goods may be held pending payment of **customs duties**.
There are also **enhanced remote transit sheds** away from ports and airports, and which are subject to stricter security requirements.

translate Express words in another language, or amounts in another currency.
For the latter, it should be appreciated that translation simply means restating an amount of one currency in another, without actually changing the currency. If the currency is actually replaced by an equivalent amount of currency, it is said to be **exchanged**.

translation exposure	Risk that a financial position will be adversely affected by movements between currency rates.
transliteration	<p>Process of restating characters into the Roman characters used in ordinary English. An example is translating characters that use the Cyrillic alphabet.</p> <p>It should be noted that transliteration still leaves any words in a foreign language as it is only the characters that are changed.</p> <p>Where a company submits a document using non-Roman characters, the company can be required to submit a transliteration into Roman characters (Companies Act 2006 s1109). This is a separate duty from that of providing an English translation of a document in a non-English language.</p>
transmission	<p>In investment, a transfer of shares other than at the instruction of the holder.</p> <p>The most common example is when shares are transmitted to beneficiaries on the death of a shareholder. Shares can also be transmitted on bankruptcy.</p>
transmission facilities	<p>For capital allowances, the sharing of such facilities by broadcasting companies is addressed in Finance Act 1991 s78.</p> <p>The capital gains aspects are addressed in Taxation of Capital Gains Act 1992 s267.</p>
transparency	<p>Openness.</p> <p>In tax, this means that transactions are what they appear to be.</p> <p>In law, this means fairness in legislation and openness in trading.</p> <p>For consumer contracts, a notice is transparent "if it is expressed in plain and intelligible language and is intelligible" (Consumer Rights Act 2015 69).</p>
transparent entity	<p>An entity that is resident in another EU state and has no ordinary share capital or would otherwise not be treated as a company if it were resident in the UK. As such it falls outside the scope of the Mergers Directive.</p> <p>The full definition is given in Taxation of Capital Gains Act 1992 s140L(1)(c).</p>

For embedded derivatives, the term is defined in Corporation Tax Act 2009 s680(2).

transport

For VAT, a category of supplies which are zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.

Not all transport services are zero-rated, so care needs to be taken to ensure that a service is within the scope.

The main zero-rated categories are:

- **public transport** in a vehicle which can carry at least 10 passengers;
- international transport in a vehicle of any size.

This Group also zero-rates some vehicles, broadly:

- a ship weighing at least 15 tons and not being primarily for recreation or pleasure;
- a lifeboat, houseboat or boat adapted for a disabled person, of any size;
- hovercraft, on the same basis as ships except that there is no weight condition;
- aircraft of at least 8000 kg which are not primarily for recreation or pleasure.

Some services to ships and aircrafts are also zero-rated. These include repairs to ships and aircrafts which are themselves zero-rated.

transportation

In relation to removal expenses as a **relocation expense**, includes packing and unpacking, temporary storage, detaching domestic fittings and re-attaching them (Income Tax (Earnings And Pensions) Act 2003 s280(3)).

transportation allowance

Term used in relation to corporation tax on oil companies. The term is defined in Corporation Tax Act 2010 s280(10).

transport container

Standard-sized reusable metal container for the bulk shipment of goods. They considerably speeded up loading and unloading of ships at docks.

They were developed from 1957, and became widely used from 1968. They were standardised in 1972. The standard size is a cross-section of 8ft 6in (2.59 m) square and a length of 20ft (6.1 m) or 40 ft (12.2 m), though there are some variations.

The containers have a twistlock device in the corners that allow them to be safely stacked. The patent

allowed free use to popularise the container.

As at 2014, there were believed to be 17 million such containers in use.

There are special capital allowance provisions for overseas leasing in Capital Allowances Act 2001 s124. Guidance is provided in the Inspector's Manual at CA 24130.

transport strike

There is no taxable benefit in kind if an employer provides certain assistance to employees to travel during a public strike (Income Tax (Earnings And Pensions) Act 2003 s245).

transport voucher

"Ticket, pass or other document or token intended to enable a person to obtain passenger transport services (whether or not in exchange for it)" (Income Tax (Earnings And Pensions) Act 2003 s84(3)).

Transports Internationaux Routiers (TIR)

System where road haulers are given a **carnet**, which allows loaded vehicles to cross national frontiers with minimum customs formalities.

transsexual

Person who believes he belongs to the opposite sex to that in which the birth was registered. A person retains their birth sex until given a **gender reassignment certificate**.

trapeze artist

A trapeze artist may retire on a personal pension at the age of 40, provided:

- the person had the right by 5 April 2006,
- the right was unqualified in that it needed no other person to consent,
- the right was set out in the governing

documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

Trasic dupe

Worthless investment sold to someone to make them look foolish. The origin of the term is obscure.

- travail préparatoires** French: preparatory work. Work undertaken before passing laws.
- travaux préparatoires** French: preparatory works.
These can be useful in interpreting an international **treaty**. This was referred to in the case *Fothergill v Monarch Airlines Ltd [1981] HL. AC 251*
- travel** For income tax, expenses incurred in business travel are generally deductible from taxable income. Expenses incurred in commuting to a normal place of work are not. A leading case is **Newsom v Robertson [1952]**.
There are many exceptions to these general rules, and much case law on how they apply in practice. Some of these matters are discussed in the Inspectors' Manual at BIM37935.
For employment income, travel in the performance of duties is generally allowable (Income Tax (Earnings And Pensions) Act 2003 s337), but ordinary commuting is not (ibid s338).
- travel and subsistence scheme** Alternative name for a **travel scheme**.
- travel at start or finish of overseas employment** This is generally tax deductible (Income Tax (Earnings And Pensions) Act 2003 s341).
- travel between employments where duties performed abroad** This is generally tax deductible (Income Tax (Earnings And Pensions) Act 2003 s342).
- travel between group employments** Travel by a director or other employee between companies in the same group. This is tax-deductible if relevant conditions are met (Income Tax (Earnings And Pensions) Act 2003 s340).
- travel concession** Any provision which allows a person to use public transport for less than the full fare.
This particularly applies to free bus passes provided under Concessionary Bus Travel Act 2007.

Travelex Prepayment card for foreign currency offered in two forms: for consumers and businesses.
The company was formed in 1976. In 2000, it acquired Thoms Cook's worldwide foreign exchange business. The company was sold to Western Union on 5 July 2011.

~

Travelex is the world's leading specialist provider of foreign exchange and international payments for consumer and business customers.

Company website

travel for necessary attendance

In employment, this is a tax-deductible expense unless it is **ordinary commuting** (Income Tax (Earnings And Pensions) Act 2003 s338)

travel in performance of duties

In employment, this is a tax-deductible expense (Income Tax (Earnings And Pensions) Act 2003 s337).

travel insurance

Insurance against losses suffered while travelling.

traveller's cheques

Documents bought from a bank which may be exchanged in different countries for a stated value in the local currency.

travelling expenses

Expenses incurred while travelling, particularly by an employee while travelling on business.

travelling showman

Such a person enjoys an exemption for road vehicle heavy oil under Excise Duties (Hydrocarbon Oil) (Travelling Showmen) Relief Regulations SI 1989 No 2439.

travel plan

In tax, a **salary sacrifice** scheme whereby taxable earnings are replaced by a tax-free or tax-advantaged benefit.

traverse

In law, denial of an allegation.

trawlermen

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.

TRD	Temporarily relieved of duty.
treachery	Conduct that assists an enemy. Such offences are now dealt with under Official Secrets Act.
treason	<p>Criminal offence of conspiring against the state under Treason Act 1351, which remains in force though amended.</p> <p>An auditor, tax adviser or anyone else who discovers evidence of treason must report it. This overrides any duty of confidentiality. Failure to report is itself an offence.</p> <p>The last case of treason in Britain was in 1948.</p>
treasure	Wealth, particularly in the form of cached goods such as gold, bullion and jewels.
treasurer	Officer responsible for looking after funds in a non-commercial organisation.
Treasury	Government department responsible for the nation's finances.
Treasury Bills	Form of short-term government borrowing. When the government is a little short of funds temporarily they will make a Treasury Bill issue. The size of the issue depends on how much they need. The Bills are a promise to pay (an IOU) and usually mature after 91 days. They are offered to the money markets by a weekly tender.
Treasury directions	These are binding on HMRC (Commissioners for Revenue and Customs Act 2005 s11).
treasury management	Management of a business's finances separately from the business's trade. Treasury functions include minimising finance charges, investing surplus funds, borrowing cheaply and similar.
Treasury notes	Notes issued by the Treasury from 1914 to 1928 for £1 and ten shillings (50p) after which the responsibility passed to the Bank of England.
treasury products	Financial product produced by the government for sale.

Treasury Secretary

(1) In USA, the member of the government with overall responsibility for the nation's finances.
(2) In UK, a government minister who is second in charge to the Chancellor of the Exchequer, and who is usually a Cabinet minister.

Treasury shares

Shares in a company that the company itself acquires with a view to resale. The legal provisions are set out in Companies Act 2006 Chapter 6 from s724.

Such shares do not represent a reduction of capital. The value of Treasury shares may not exceed 10% of the nominal value of the issued share capital of the company.

Such shares were introduced in 2003.

"An entity's own equity instruments, held by that entity or other members of the consolidated group" (FRS 102 glossary).

Treasury Solicitor

Solicitor who:

- advises the Treasury on legal matters
- instructs parliamentary counsel on Bills
- appears for the Crown in civil proceedings, and
- acts as the Queen's Proctor.

treaty

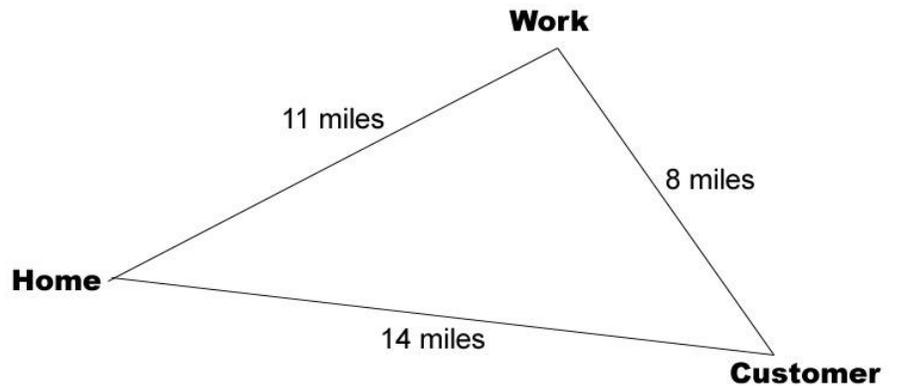
"An international agreement concluded between states in written form and governed by international law, whether embodies in a single instrument, or in two or more related instruments and whatever its particular designation" (Vienna Convention on the Law of Treaties 1969 art 2 para 1(a)).

A treaty has also been defined as a "contract between two sovereign states and has to be construed as such a contract. It would be a mistake to think that it had been construed as though it were a domestic statute" (*R v Governor of Ashford Remand Centre, ex parte Beese* [1973] All ER 250).

The authority for tax treaties is given by Income and Corporation Taxes Act 1988 s788(1). This was amended from 24 July 2002 by Finance Act 2002 s88(1) so that the UK could make a treaty with any territory and not just a state. This was to allow the UK to make a treaty with Taiwan which was not then officially recognised by the UK.

Treaty of Amsterdam	European Union treaty which replaced the Treaty of Rome on 1 May 1999 and was itself replaced by the Lisbon Treaty from 1 December 2009.
Treaty of Rome	International agreement signed on 25 March 1957 by six European countries to create what is now the European Union . It was replaced by the Treaty of Amsterdam from 1 May 1999, which was itself replaced by the Lisbon Treaty from 1 December 2009.
Treaty on European Union	Proper name for Maastricht Treaty .
treaty override	Proposed tax provision that would have allowed HMRC to disregard a provision in a double taxation treaty when it is exploited for tax avoidance. Plans to include such an override in Finance Act 2012 have been dropped.
treaty shopping	Practice of someone who is not resident in a state establishing a residence there solely to benefit from provisions in a treaty signed by that state. The OECD considers that this practice is not illegal, but recommends that treaties include provisions to prevent it.
tree is known by its fruit	Investigative principle that the quality of a person may be judged by what they produce. It is based on Matthew 12:33 in The Bible.
treeness of the tree	The essential qualities which define the nature of an item. The term specifically relates to those qualities that define a tree. It is a quotation from <i>Correggiosity of Correggio</i> by Laurence Sterne (1713-68). It has been quoted in tax cases on the differences between capital and revenue.
trente et quarante	This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty .
trespass	Civil offence of interfering in the property of someone else.

treth	Welsh: tax.
Treth ar Werth	Welsh: value added tax.
TRF	Transfer.
TRG3	Part of the Tax Return Guide that gives advice on capital gains tax.
trial	Hearing of a civil or criminal case before a proper court.
trial balance	<p>List of debit and credit balances taken from nominal ledger or (occasionally) prime books of account. The final accounts are prepared from the trial balance.</p> <p>If every transaction has been recorded by equal and opposite debits and credits, it follows that the total of all debits equals the total of all credits.</p> <p>A list which does not balance is therefore wrong. The converse is not true, in that a list which does balance is not necessarily right. If a transaction is completely omitted, or recorded the wrong way round, or where one side is posted to the wrong account, the trial balance will still balance.</p> <p>The figures in the trial balance are then allocated either to the balance sheet or profit and loss account (or a subsidiary financial statement) to produce the financial statements.</p>
triangulation	<p><i>Movement of goods</i></p> <p>Where goods are moved directly from a supplier in one European Union (EU) Member State to the final customer in another Member State, on the instructions of an intermediate party located in a third Member State. The VAT implications are set out in VAT notice 725.</p> <p><i>Employee travel</i></p> <p>Where an employee travels directly from home to a customer rather than a normal place of work. From 6 April 1998, the employee may be paid for the whole journey tax-free. In the previous year, the government repeatedly said that it would allow only the <i>additional</i> miles to be paid tax-free. This proposal was eventually dropped after payrollers repeatedly complained of the additional work this would involve.</p>



The above diagram shows a situation where an employee lives 11 miles from work and 14 miles from a customer who is 8 miles from the workplace.

Under current rules, the employee may be reimbursed tax-free for the whole 14 miles from home to the customer. Under the proposals, the employee would only have been entitled to the additional 3 miles.

Before 6 April 1998, the employee was entitled to the lesser of the actual journey and the distance between work and the customer. In the example above, that would be 8 miles.

tribunal

Forum for resolving issues that do not require the formality and expense of a court trial. Most tax issues are addressed before a tribunal.

Tribunals are regulated by Tribunals and Inquiries Act 1971.

In relation to PAYE, the word “means the First-tier Tribunal or, where determined by or under the Tribunal Procedure Rules, the Upper Tribunal” (PAYE regulations SI 2003 No 2682 reg 2(1)).

tribunal of three Commissioners

Body that existed before 29 November 1999 to deal with national insurance issues of special difficulty. They were constituted under Social Security Administration Act 1992 s57. Such matters are now heard by the **first tier tribunal**.

Tribunals Service

Body that was created on 3 April 2006 under Constitutional Reform Act 2005. It is responsible for a two-tier tribunal system that came into being on 3

November 2008 under Tribunals, Courts and Enforcement Act 2008. The tribunals are split into chambers, one of which deals with tax. The service absorbed 20 existing tribunals into one system.

tribunal staff	The relevant law is Tribunals, Courts and Enforcement Act 2007 s40.
tributes	Earliest form of taxation. Originally, they often took the form of tributes to priests, usually in kind.
trigger figure	Amount of household expenditure. If a Common Financial Statement in a debt management plan includes a figure above this amount, an explanation must be provided.
trigger	<p>In tax legislation, this means a set of circumstances which bring a tax provision into effect.</p> <p>In particular the term was used for anti-avoidance provisions which applied when trading profits changed from previous year basis to current year basis.</p>
Trimble, David	Irish Ulster Unionist politician (1944-) who was First Minister of Northern Ireland from 1 July 1998, when the position was created, to 14 October 2002.
Trinidad and Tobago	<p>Island country. Its currency is the Trinidad and Tobago dollar of 100 cents. The UK has a double taxation convention of 1982.</p> <p>A pension paid from this country may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s643.</p>
Trinidad and Tobago dollar	Currency of Trinidad and Tobago.
Trinity	In law, the period of sittings from the first Tuesday after Trinity Sunday to the end of July.
trinoda necessitas	Latin: necessary service. The ancient duties to maintain highways, build castles and repel invaders.
triple A	Highest credit reference given by a rating agency.

Triple assessment	Tax introduced in 1798, that became the precursor to income tax introduced the following year. This used the individual's taxable establishment as the basis of tax for three years (hence the name), or up to five years.
triple B	Credit reference held by most non-financial corporations.
triple guarantee	Term used in June 2010 Budget in relation to the state pension. It guarantees that the state pension will, from 2012, rise by the highest of price inflation, wage inflation and 2.5%. Price inflation is measured by CPI .
TRIPS	Agreement on Trade Related Aspects of International Property Rights.
Tristan da Cunha	UK Overseas Territory of an island in the South Atlantic Ocean. Its uses British currency.
trivial	In relation to an irregularity caused by an error on a tax return, "in the opinion of the professional bodies it is reasonable for a member to take no steps to advise HMRC of isolated errors where the tax effect is no more than minimal, say up to £200, as these will probably cost HMRC and the client more to process than they are worth to the Exchequer" (Professional Conduct in Relation to Taxation para 5.17 extract).
trivial benefit	<p>Benefit in kind provided to an employee which is of such small amount that it may be ignored for tax purposes.</p> <p>Examples quoted by HMRC include a turkey, bottle of ordinary wine or box of chocolates given at Christmas.</p> <p>From 6 April 2016, trivial benefits are put on a statutory basis. A benefit must be for the employee's welfare and not as a reward for work. There is also a monetary limit of £50 per employee per year. For close companies, there is also an employer limit of £300 a year.</p> <p>A distinction must be made between a trivial benefit and a minor benefit. The latter is taxable but is usually taxed under a PAYE settlement agreement.</p>
trivial commutation lump sum	A lump sum benefit paid to a member of a registered pension scheme (who is aged under 75) because their pension entitlements (under both that scheme and other

such schemes) are deemed trivial, and which meets the conditions of paragraphs 7 to 9 of Schedule 29 to the Finance Act 2004.

trivial commutation lump sum death benefit

A lump sum benefit paid to a dependant of a scheme member of a registered pension scheme (who died before age 75) because that dependant's entitlement under that scheme is deemed trivial, and which meets the conditions of paragraph 20 of Schedule 29 to the Finance Act 2004.

trivial pension

Pension of a small amount.

From 6 April 2006, if *all* pension funds held by an individual do not exceed a figure, they may be paid as a lump sum without any need to buy an annuity at all. The figure was originally 1% of the lifetime limit. From 6 April 2011, it is fixed at £18,000.

In such a case 25% of the lump sum is tax-free and the balance is subject to income tax. The person must be aged between 60 and 75, and all pension funds must be taken as a lump sum within a 12-month period. Previously the whole of a pension fund could only be taken as a lump sum if the value of the fund was less than £250.

trombonist

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.

trophy-money

Eighteenth century tax. It comprised a duty of £4 a year to display the drums, trophies and other military colours.

Troubled Asset Relief Program (TARP)

US program designed to help the country recover from the economic crisis.

It was signed into law by President George W Bush on 3 October 2008. Although expected to cost up to \$300 billion, the cost by December 2010 was just \$25 billion. This is less than 1% of US GDP.

The scheme allowed the US Treasury to buy troubled assets, such as unpaid mortgage. This allows the banks to recapitalise and return to profitable trading.

Troubled Families Programme

Government programme introduced in 2012 to take a more holistic approach to families which had nine or

	<p>more different problems. The programme was expanded in 2015.</p>
trouble-shooter	<p>Person whose job is to identify problems and find solutions.</p>
Troup, Edward	<p>Executive chair and first permanent secretary of HMC from 5 April 2016.</p>
trover	<p>Old name for the offence now known as conversion of goods.</p>
troy ounce	<p>Imperial measure of weight still used for jewels and precious metals. The name comes from Troyes in France. It is abbreviated to "ozt".</p> <p>A troy ounce equals 31.1034768 grams. There are 12 troy ounces to a troy pound, though this latter measure is outlawed.</p> <p>A troy ounce comprises 20 pennyweight (dwt) and 240 grains.</p>
TRP	<p>Taxed receipt payment (Income Tax (Trading And Other Income) Act 2005s64 and Corporation Tax Act 2009 s63).</p>
TRT	<p>Total revenue from tax.</p>
truck	<p>Payment in kind made to workers. It is generally illegal.</p>
Truck Acts	<p>Laws passed in 1831, 1887, 1896 and 1940 which outlawed the practice of employers paying employees in truck tokens which could only be spent in their own shops. The laws required workers to be paid in coins of the realm. The Acts also disallowed unlawful deductions from wages.</p> <p>These laws were not finally repealed until 1986, though amended in 1960 by Payment of Wages Act.</p> <p>The law on unlawful deductions is now found in Employment Rights Act 1996 s13.</p>
truck tokens	<p>Tokens for small amounts of money issued by companies and other organisations in 18th and early 19th centuries. Partly this was to fill the gap from a lack of low value coins. Employers soon realised the value of paying workers in coins which could only be used in their own</p>

shops. This practice was ended by the Truck Acts 1831 to 1940 which required workers to be paid in coins of the realm.

true and fair

The main criterion which accounts must legally meet in the UK and Republic of Ireland.

The duty became part of UK company law in Companies Act 1948 s149. It was adopted by the European Union in the Fourth Council Directive 78/660/EEC.

Statement of Principles for Financial Reporting says in para 10: "The concept of a true and fair view lies at the heart of financial reporting in the UK and the Republic of Ireland. It is the ultimate test for financial statements and, as such, has a powerful, direct effect on accounting practice. No matter how skilled the standard-setters and law-makers are, it is the need to show a true and fair view that puts their requirements into perspective."

Points to note about "true and fair" include:

- its scope changes over time;
- it requires **financial statements** to contain information "sufficient in quantity and quality to satisfy the reasonable expectation of the readers to whom they are addressed" (Statements para 12).

The exact meaning of this expression was the subject of a legal opinion from Martin Moore QC in 2008 in the light of recent developments in accounting standards. He confirmed the centrality of "true and fair" in accounting standards as set out in previous opinions by Dame Mary Arden in 1993 and by Lord Hoffman and Arden in 1983.

true and fair view

Requirement of Companies Act s393 for UK companies not using **IASB system**.

true bill

Old term for something of which there is sufficient evidence.

The term comes from the practice of the criminal assize of confirming that there was a true bill, which meant enough evidence to hear a case.

Trueblood Report

The report whose proper title is *Objectives of Financial Statements* published by the American Institute of

	<p>Certified Public Accountants in 1971. It determined the conceptual framework on which future American accounting standards were based.</p>
true cash value	<p>Market value of a property as represented by the amount a willing buyer would pay to a willing seller under normal trading conditions.</p>
true copy	<p>Exact copy. It is common practice for an accountant or lawyer to certify a photocopy of a document as being a true copy to enable a person to open a bank account or otherwise prove his identity.</p>
true gravity	<p>The gravity of beer calculated in accordance with regulations produced by the Commissioners. The true gravity is accepted as the gravity for the purpose of calculating beer duty.</p>
true group insurance	<p>Group insurance policy that has been issued with a master contract where certificates of insurance, not policy contracts, are issued for each member of the group.</p>
true interest cost (TIC)	<p>Total annual cost of obtaining debt finance, expressed as a percentage of the total debt amount. TIC includes all related costs such as finance charges, term insurance, credit insurance and cash discount.</p>
true odds	<p>In gambling, real odds of something happening as opposed to what the bookmakers offer.</p>
true-up	<p>To make level, square or concentric. In business, it means to bring something into alignment into a predetermined criterion or process.</p> <p>In finance, true-upping is the process of replacing expected values by realised values.</p>
true-up interest (TUI)	<p>Interest added to true-up a financial transaction. TUI can be subject to diverted profits tax.</p>
trumpeter	<p>Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.</p>

trunk road

Part of a main route between towns and cities.

Authority of trunk roads generally passed to the Secretary of State in 1936. Such transfer is exempt from stamp duty under Trunk Roads Act 1936 s8.

Trussell Trust

Network of foodbanks established in Salisbury in 1997 by Paddy and Carol Henderson. It is named after Carol's mother, Betty Trussell.

In 2004, the Trust ran only two foodbanks. They now run more than 200, and supply assistance to more than a million people each year.

The system requires a doctor, Citizen's Advice Bureau, social services or similar person to issue a voucher that provides food for three days. This is collected at a centre, usually in a church. The volunteers provide a personal service, often offering to pray with the person. Food is donated by volunteers, often using collecting points in churches and supermarkets.

trust

Summary

Arrangement whereby one person holds property for the benefit of another.

A trust requires three parties:

- a **settlor**, who provides the trust property;
- **trustees**, who legally own that property;

and

- **beneficiaries**, who are entitled to the beneficial interest of the trust property.

It is possible for two (but not all three) parties to be the same. So a trustee may also be a beneficiary, for example, though there are additional ethical requirements in such cases.

A trust also requires **trust property**, which is money, property or other assets.

Legal definitions

An authoritative definition is "an equitable obligation, binding a person (called a trustee) to deal with property (called trust property) owned by him or a separate fund, distinct from his own private property for the benefit of persons (called beneficiaries or, in old cases **cestuis que trust**), of whom he may himself be one and any one of whom may enforce the obligation: any act or neglect on the part of a trustee which is not authorised or excused

by the terms of the trust instrument, or by law, is called a breach of trust." (*Law of Trusts and Trustees*, by Underhill and Layton).

HMRC gives "a simple definition from a legal viewpoint" in the inspectors' manual at TSEM1010: "A trust is a disposition of property to a person (trustee) or persons jointly (trustees) in whom the legal title then vests in the confidence that the benefits will be applied to the advantage of one or more other persons (beneficiaries) or some other object permitted by law."

A more complex definition is: "A trust... is the relationship which arises wherever a person called the trustee is compelled in Equity to hold property, whether real or personal and whether by legal or equitable title, for the benefit of some persons (of whom he may be one...) or for some object permitted by law in such a way that the real benefit of the property accrues, not to the trustee, but to the beneficiaries or other objects of the trust' (*Law of Trusts, 9th edition – Professor Keeton*).

~

trust

Capital gains tax

Capital gains tax implications are given in Taxation of Capital Gains Act 1992 s65.

Income tax

Trusts are subject to income tax. There are special rates that may apply, as set out in Income Tax Act 2007 from s479.

Income tax rules on trusts generally are given in *ibid* from s462.

Inheritance tax

For inheritance tax there are many special provisions for different types of trust.

These include **accumulation and maintenance trusts, bare trusts, discretionary trusts, interest in possession trusts, relevant property trusts, serial interest trusts, and trusts for a bereaved minor.**

US meaning

In the USA, the word trust means a **monopoly**.

trust company

In USA, an organisation which supervises the financial arrangements of private trusts. It also acts as a private

bank and provides a limited range of other services to a small group of customers.

trust corporation

Company set up primarily to act as a **trustee**. Such companies are often subsidiaries of banks and insurance companies.

A trust corporation can act alone in areas which would otherwise require two trustees, such as giving a valid receipt for selling land.

trust deed

(1) A legal document which establishes and governs the operation of a trust. Although not a legal requirement, a deed is usual for all but the simplest trusts or those created otherwise (such as by a will).

(2) In Scotland, a voluntary arrangement for payment of creditors by an insolvent person.

trustee

General

Person who holds property in **trust** for the benefit of another.

In general, a trustee may be any adult aged 18 or over, or any other form of legal person, such as a limited company. A **trust corporation** often acts as a trustee.

There must be at least one trustee, but there is no upper limit. For land, the minimum is two individual trustees though a trust corporation may be a sole trustee. For a trust of land, the maximum is four trustees.

Duties of trustees

The duties of trustees are largely set out in Trustee Act 2000 in addition to the **trust document**. This replaces the previous Trustee Investments Act 1961 even for existing trusts.

The main provisions of the 2000 Act are that:

- trustees now have a statutory duty of care,
- trustees can in some case be remunerated,
- trustees have a statutory power to insure trust assets,
- trustees may settle debts or negotiates their terms,
- there are wide powers of delegation from trustees,
- previous restrictions on investments are relaxed.

Inheritance tax

“In relation to a settlement in relation to which there would be no trustees apart from this section, means any person in whom the **settled property** or its management is for the time being vested” (Inheritance Tax Act 1984 s45).

trustee borrowing

Where there is a transfer of value by trustees linked with trustee borrowing, the tax provisions are set out in Taxation of Capital Gains Act 1992 Sch 4B.

trustee de son tort

Person who interferes in a trust without authority. He can be made liable as if he were a trustee.

trustee in bankruptcy

Insolvency practitioner who deals with the property of a bankrupt.

trustee insurance

Insurance which protects the trustees or equivalent of a church against them personally when the trustees were acting in good faith.

trustee powers

The rights of **trustees**.

These are first laid down by law, particularly in Trustee Act 1925, Trustee Investments Act 1961 and Trustee Act 2000. These basic provisions are often extended or amplified in the **trust deed**.

trustee savings banks (TSBs)

British financial institutions which accepted deposits from poorer people who could not open accounts with the main banks.

These banks were created from 1817. At that time, bank failures were common when depositors lost all their funds held by the bank. TSBs were strictly regulated in that they could only invest funds in government bonds or deposits with the Bank of England.

To promote their use, interest on deposits was free of income tax up to a limit.

Collectively, the TSBs were of equivalent size to the main banks, but they did not compete as each served a particular area.

In 1975, all remaining TSBs were nationalised into one Trustee Savings Bank. This merged with Lloyds Bank

in 1995, and was demerged in 2013.

trustees' expenses

Expenses of members of a trust's body. This figure must be separately disclosed in the annual report.

Where a trust is subject to a special rate of income tax, the expenses must first be offset against the income subject to that special rate (Income Tax Act 2007 s484).

trusteeship

Art, practice and law of being a **trustee**.

trustee's return

Statement which trustees are required to make under Taxes Management Act 1970 s8A to HMRC to allow the trust's tax liability to be determined.

trustees' tax pool

Term used in Income Tax Act 2007 s497. It refers to a measure of tax relief brought forward from previous years.

trust for a bereaved minor (TBM)

Trust where the beneficiary is a **bereaved minor** and under 18.

New trusts from 22 March 2006 are not **accumulation and maintenance trusts**, but generally come within the **relevant property regime**. The TBM is an exception.

A TBM is created:

- under the will of the deceased parent of the minor,
- under a statutory trust arising on intestacy, or
- under the Criminal Injuries Compensation Scheme.

Such a trust qualifies as an **18-25 trust** provided all the capital and accumulated income passes *outright* to the beneficiary at the age of 18 or earlier. There is no **inheritance tax** charge if the assets are paid out before the beneficiary is 18, and a reduced charge if aged between 18 and 25. The special **gift relief** of Taxation of Capital Gains Act 1992 s260 is available.

The law is given in Inheritance Tax Act 1984 s71A.

trust for benefit of employees

The inheritance tax provisions are given in Inheritance Tax Act 1984 from s86.

- trust for disabled persons** See **trusts for disabled persons**.
- trust for ecclesiastical purposes** Special trust for a specified church-based purpose (such as maintaining the churchyard) for which special legal provisions apply.
- trust for saying masses** Trust established to say masses for the deceased, particularly in the Roman Catholic church.
As there is no personal **beneficiary**, this is a **trust of imperfect obligation** unless the mass is public.
- trust for the disabled** A trust that is taxed as an **interest in possession** trust and not as a discretionary trust. These provisions were introduced from 22 March 2006 when most IIP trusts became discretionary trusts.
- trust fund** Money that is owned by **trustees** for the benefit in **beneficiaries**.
Trust funds may be **nominal trust funds** or **substantive trust funds**.
- trust instrument** Document by which a **trust** is created. This is most commonly a **will** or a **trust deed**.
- trust management expenses** These are generally allowable under both trust law and tax law.
Guidance on tax law is discussed in the Inspectors' Manual from TSEM8000 to TSEM8790.
- trust of imperfect obligation** Trust with no human beneficiary (such as maintaining a grave), which a trustee may administer but cannot be compelled to do so.
- trust of life assurance policies** A trust whose settled property is a **life assurance** policy. Such trusts are often created to insure a life without the proceeds becoming part of the insured person's estate, to provide funds to pay inheritance tax, or (in the form of **single premium bonds**) to defer tax liability to a time when a lower rate is payable while allowing the settlor to receive funds.
From 22 March 2006, such a fund is regarded as a **discretionary fund**.

trust or company service provider (TCSP)

Firm or person who provides the services of company formation, directorship, registrar, business trustee, recruitment agency or personal service company. Such a business may, from 1 April 2008, be required to register with HMRC under laws on **money laundering**.

trust period

Period for which a **trust** is allowed to exist. **Charitable trusts** may live for ever. Other trusts have a maximum life of 80 years. A trust deed may identify **default beneficiaries** who are entitled to the trust fund when the trust ceases to exist.

trust property

Property held by a **trust**. It is owned by the **trustees** for the benefit of the **beneficiaries**.

trust rate

Rate of income tax payable by certain trusts.

trusts for disabled persons

For inheritance tax, the law is given in Inheritance Tax Act 1984 s89. The definition of a disabled person is given in Finance Act 2005 Sch 1A.

trusty system

System used in prison labour whereby trusted prisoners were given oversight of their fellow workers. The term particularly applies to the system used in Mississippi from 1903 to 1971.

truth

The state of being true. Accounts are required to be **true and fair**.

In evidence, the three **tests of truth** are demeanour, consistency and background.

TRY

ISO code for Turkish lira.

TS

Treasury Solicitor.

T&S

Travel and subsistence.

TSA

Training Service Agency.

TSB

Trustee Savings Bank, now part of Lloyds Bank.

TSI

Taxable specific income, as used in the formula for pension input amount for non-UK schemes (Finance Act

2004 Sch 34 para 10(2) as inserted by Finance Act 2014 s45(2)).

TSO

(1) Town sub-office.
(2) The Stationery Office, publisher of government documents.

TT

(1) Telegraphic transfer.
(2) Technical training.
(3) Teetotal.
(4) **Taper threshold**. Abbreviation used in Inheritance Tax Act 1984 s8D(5).

TTC

Tax Type Code , a numeric code identifying the type and rate of VAT and Customs and Excise duties payable. Further information is given in Tariff Volume 3 Appendix C7.

TTD

ISO code for Trinidad and Tobago dollar.

TTF

Tax transparent fund.

TTP

Time to Pay

Time To Pay, an arrangement under which HM Customs and Excise agrees to accept payment of an outstanding debt (for VAT, for example) in instalments; or to allow a moratorium on payment. There is no legal entitlement to time-to-pay: it must be applied for in writing and each case is judged on its own merits.

Corporation tax for banks

In relation to corporation tax surcharge on banks, "is the total taxable profits of the company of the chargeable accounting period" (Corporation Tax Act 2010 s269DA(2)).

TU

Trade union.

tuba player

Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.

TUC

Trades Union Congress.

TUCC	Transport Users' Consultative Committee.
tuck shop	For VAT, such an (independently constituted) facility at a school did not make a standard-rated supply of catering, but a supply of food, some of which was zero-rated. <i>St Benedict Trading Ltd [1993] VATTR 12915.</i>
tuft-hunter	Person who curries favour from the wealthy in the hope of getting indirect personal gain.
TUI	True-up interest.
tuition assistance	Benefit in kind provided to an employee whereby the employer pays all or some of the cost of the employee receiving tuition.
Tunisia	African country. Its currency is the Tunisian dinar of 1,000 millimes. The UK has a double taxation convention of 1982.
tunnage and poundage	Two traditional taxes that were put on a statutory basis in 1658.
tunnel	A tunnel is specifically included in the definition of industrial building , and of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
Tupperware case	The Court of Appeal decision in <i>P & R Potter v Customs and Excise [1985] STCC 45</i> . This held that, for VAT, the supplier was the sub-distributor who held the party and not the distributor who provided the goods.
tu quoque	Latin: you also. The term indicates that the person addressed is in the same position as the person speaking.
turf	General term for the world of horse-racing.
Turkey	Eastern country. Its currency is the Turkish lira of 100 kuras. The UK has a double taxation agreement of 1988. Turkey is not a member of the European Union, but with whom the EU has agreed equivalent Customs union provisions under the Ankara Agreement . These are set out in Customs notice 812.

turkey	For VAT purposes, turkeys for eating are zero-rated, but ornamental turkeys are standard-rated. VAT notice 701/15 defines the former as including Beltsville White, British White, Broadbreasted White, Bronze, Norfolk Black, and derivatives and crossbreeds of these.
turkey-work	Old term for manufacture of carpets. The term derives from the fact that it was practised in the UK to counter imports from Turkey.
Turkmenistan	Eastern country that became independent from Russia in 1991. Its currency is the manat of 100 tennesi. The UK has a double taxation convention of 1985 signed with the USSR which still applies for Belarus and Turkmenistan.
Turks and Cacos Islands	UK Overseas Territory in Atlantic Ocean. Its currency is the US dollar.
turn	Difference between the rates for equivalent services. For example, if a bank lends at 7% and pays interest at 3%, its turn is 4%.
TURN	Trader's Unique Reference Number. This is used to identify an importer numerically. It is normally based on the trader's VAT registration number, with a three digit extension.
Turnbull direction	Direction a judge is obliged to give a jury of the dangers of identification from a fleeting glimpse.
turnover	<p>General</p> <p>The sales of a business or other form of revenue from operations of the business. Turnover is also called sales, revenue and similar. It is the first item in a profit and loss account.</p> <p>Company law</p> <p>"In relation to a company, means the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of:</p> <ul style="list-style-type: none">(a) trade discounts,(b) value added tax, and

(c) any other taxes based on the amounts so derived”
(Companies Act 2006 s539) in relation to audit.

Accounting

“The amounts derived from the provision of goods and services falling within the entity’s ordinary activities, after deduction of:

- (a) trade discounts;
- (b) value added tax; and
- (c) any other taxes based on the amounts so

derived”
(FRS 102 glossary).

“As a minimum, turnover must be present on the face of the income statement (or statement of comprehensive income if presented)” (FRS 102 section 5.7C.

Tax

Turnover is relevant in many areas of tax. These include:

- whether the business must register for VAT;
- whether it can claim some of the special provisions for **small and medium-sized enterprises**;
- whether the business must pay corporation tax or VAT by instalments
- whether a business may use **cash accounting** for income tax
- whether a business may use **cash accounting, annual accounting** or the **flat rate scheme** for VAT.

For income tax and corporation tax purposes, turnover includes irrecoverable VAT (such as on cars, personal expenditure and when the business is not VAT-registered), but excludes recoverable VAT.

turnover aggregation

For **senior accounting officers**, “aggregation of turnover amounts from more than one company in the same group... in considering whether a company is a qualifying company” (Inspector’s Manual at SAOG 24000).

The provisions of aggregation are given at SAOG 11240.

In relation to enterprise investment scheme, a specific definition is given in Income Tax Act 2007 s175A(8) as inserted by Finance (No 2) Act Sch 5. The

same definition is used for venture capital trusts in Income Tax Act 2007 s280C(9) as inserted by Finance (No 2) Act 2015 Sch 6.

turnover condition

For **senior accounting officers**, "total turnover value of £200 million that must be met for a company to be a qualifying company in a financial year" (Inspector's Manual at SAOG 24000).

The provisions of this condition are given at SAOG 11231.

turnover tax

Any tax which is calculated according to a business's turnover.

turnpike trust

Trust which creates a toll road.

turnspit

Old term for a person who did all the work but received no share of the profit. The term was first used in 1607.

turtle

Endangered animal. The importation of the animal or its products is generally prohibited under **CITES convention**.

Tuvalu

Island country in the Pacific Ocean. Its currency is the Tuvalu dollar of 100 cents, though the Australian dollar is widely used. The UK has a double taxation arrangement of 1950 as amended by a 1974 arrangement.

TV licence

Licence required under Communications Act 2003 s363 and predecessor legislation to use a television. As this relates to a specific service, it is not usually regarded as a tax.

TVBS

Trade value at balance sheet.

The value of an item as trading stock at the day the trader makes up his balance sheet. This is widely used in the second-hand car trade.

For the purposes of income tax and corporation tax, TVBS may be used to value cars accepted in **part exchange**.

TVD

ISO code for Tuvalu dollar.

TWD

ISO code for Taiwanese new dollar.

Twelfth Night	Epiphany, 6 January. This is 12 days after Christmas.
twenty pence coin	<p>Legal tender coin first issued on 9 June 1982.</p> <p>It is minted from a cupro-nickel alloy but where the copper content is 84% rather than 75% for other silver coins.</p> <p>The coin has seven equilateral curve sides, like the 50p coin. It has a diameter of 21.4 millimetres.</p> <p>There are two other legal tender coins with a face value of 20p: the double florin and the 1/10 oz silver Britannia. Neither is in circulation and both are worth more to collectors.</p>
twenty pound note	<p>Legal tender bank note for £20 issued by the Bank of England.</p> <p>The current version is Series F issued on 13 March 2007, and depicting the economist Adam Smith.</p> <p>The previous Series E note was issued on 22 June 1999 and is now withdrawn. It depicted the composer Sir Edward Elgar.</p> <p>The Series D note was issued on 5 June 1991 and withdrawn on 16 March 2001. It depicted the scientist Michael Faraday.</p> <p>Previous issues of "white" £20 notes were withdrawn on 31 May 1979.</p> <p>The current £20 note has a purple square on it to assist those with poor sight.</p>
twin unit caravan	<p>"Such a caravan can fall within this definition [of caravan] if composed of no more than two sections designed to be assembled on site by means of bolts, clamps and other devices, as long as, once assembled, it is physically capable of being moved from one place to another" (VAT leaflet 701/20).</p>
two-statement approach	<p>In accounting, when an entity decides to produce and income statement and a separate statement of comprehensive income. The alternative is the single-statement approach.</p> <p>Details are given in FRS 102 Section 5.</p>
two-year discretionary trust	<p>A discretionary trust that lasts for between three months and two years to exploit the provisions of Inheritance Tax Act 1984 s144.</p>

This disappplies the **exit charge** otherwise payable by a **discretionary trust**, provided that there has been no **interest in possession**. Any distribution made during this period is, in effect, backdated to the date of death.

Tynwald	Governing body of the Isle of Man.
type A equity	Form of bank equity, as are types B, C and D. It is relevant for the bank levy. The three types are defined in Finance Act 2011 Sch 19 para 17.
type 1 finance arrangement	A definition is given in Income Tax Act 2007 ss809BZA-BZE.
type 2 finance arrangement	A definition is given in Income Tax Act 2007 ss809BZF-BZI.
type 3 finance arrangement	A definition is given in Income Tax Act 2007 ss809BZJ-BZL.
TZS	ISO code for Tanzanian shilling.

U

U	(1) CFI code for a share with no restrictions. (2) In relation to allowance buying , abbreviation for a principal company (Capital Allowances Act 2001 s212E).
UAE	United Arab Emirates.
UAE dirham	Currency of UAE.
UAH	ISO code for Ukraine hryvnia.
UAP	Upper accruals point , for national insurance.
UB	Unemployment benefit.
uberrimae fidei	Latin: of utmost faith. The term indicates exceptions to the general rule that a party to a contract need not make any disclosure to the other party. An uberrimae fidei contract may be voided if all relevant disclosures are not paid. Such contracts include insurance, family settlement,

partnership, suretyship and allotment of shares.

ubi aliquid conceditur, conceditur et id sine quo res ipsa esse non potest

Latin: where anything is granted, that is also granted without which the thing itself is not able to exist.

ubi eadem ratio ibi idem jus

Latin: like reasons make the law.

ubi jus ibi remedium

Latin: where there is a remedy there is a right.

UBR

Unified business rate.

Ubuntu

Form of **Linux** operating system for computers.

UC

Universal credit.

UCC

Union Customs Code.

UCITS

Undertakings for collective investments in transferable securities.

For savings income, the term “means an undertaking for collective investment in transferable securities within the **UCITS Directive**” (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(2)).

UCITS Directive

“Means Council Directive 85/611/EEC of 20th December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended” (Importing of Savings Income Information Regulations SI 2003 No 3297 reg 2(1)).

UCL

University College, London.

UCO

Used cooking oil.

UCR

Unique Consignment Reference.

This is a reference, allocated by the Customs Freight Simplified Procedures (CFSP) to an authorised trader for each import or export consignment. It can be used to trace the consignment through all the trader's records.

Udal tenure	Ancient form of freehold tenure granted in Orkney and Shetland Islands.
UEL	Upper earnings limit , for national insurance.
UEP	Abbreviation for unauthorised employer payment used in the formula in Finance Act 2004 s213(9).
UFPLS	Uncrystallised funds pension lump sum .
Uganda	African country. Its currency is the Uganda shilling of 100 cents. The UK has a double taxation convention of 1992.
Uganda shilling	Currency of Uganda.
UGX	ISO code for Ugandan shilling.
UITF	Urgent Issues Task Force , part of Accounting Standards Board.
UITF abstract	Statement from Urgent Issues Tax Force which has the force of an accounting standard .
UK	United Kingdom , England, Scotland, Wales, Northern Ireland, (including The Isle of Man but not the Channel Islands or Gibraltar).
UK activity	Term used in relation to diverted profits tax and defined in Finance Act 2015 s87(5).
UK approval certificate	<p>In relation to VAT on road fuel provided to employees, this "means a certificate issued under:</p> <ul style="list-style-type: none">(a) section 58(1) or (4) of the Road Traffic Act 1998; or(b) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981 (Value Added Tax 1994 s57(9)). <p>A similar definition is used for the taxation of company cars, this is defined in Income Tax (Earnings And Pensions) Act 2003 s171(1).</p> <p>The same definition is used in relation to capital allowances in Capital Allowances Act 2001 s268C(4).</p>

UKAR	UK Asset Resolution, a government body that holds assets which were forcibly nationalised in the banking crisis of 2008.
UK ASB system	The accounting standards and company law applicable to corporate reporting by UK companies that do not report under the IASB system.
UKBA	United Kingdom Border Agency .
UK banking group	Term used for the bank levy (Finance Act 2011 sch 19 para 8).
UK-based earnings	Term used in Income Tax (Earnings And Pensions) Act 2003 s25 to describe income which arises from UK employment by a person who also has chargeable overseas earnings .
UK Border Agency (UKBA)	Body set up on 1 April 2008 to protect the UK from import of illicit goods. Before 2008, this was undertaken by HMRC or its predecessor body, HM Customs and Excise. HMRC retains responsibility to taxes on imported goods.
UKCES	UK Commission for Employment and Skills.
UKCF	UK Community Foundation, the body that oversees community foundations .
UK companies not formed under companies legislation	Term used in Companies Act 2006 from s1040. It refers to companies registered overseas, unregistered companies, companies registered before 1862, and companies registered by other means such as letters patent or and Act of Parliament.
UK Continental Shelf (UKCS)	Region of waters surrounding the UK where the sea-bed is higher and the sea consequently shallower. This is known as a shelf sea. The UK claims mineral rights for this shelf. The UK continental shelf is particularly relevant in the North Sea which is a rich source of hydrocarbons whose recovery lead to significant economic benefits and tax revenues from the 1980s.

This area is also bounded by Norway, Denmark, Germany and the Netherlands. The boundaries between these countries have been mutually agreed.

UKCS

UK Continental Shelf.

UKCS continental shelf certificate

Certificate issued by HMRC to an employee working on the UK continental shelf. The tax provisions are given in PAYE regulations SI 2003 No 2682 s84A.

UK-established

For VAT, "a person is UK-established if the person has a business establishment, or some other fixed establishment in the United Kingdom in relation to a business carried on by that person" (Value Added Tax 1994 Sch 1 para 1(10)).

UK estate

In relation to beneficiaries' income from estates in administration, the term is defined in Corporation Tax Act 2009 s936.

UKFI

United Kingdom financial institution.

UK financial instrument

"Means a financial instrument that is admitted to trading on a market in the United Kingdom" (Financial Services and Markets Act 2000 s131C(6)).

UK furnished holiday lettings business

"Means a UK property business so far as it consists of the commercial letting of **furnished holiday accommodation**" (Corporation Tax Act 2009 s748(5)).

The term is also used in Corporation Tax Act 2010 s65.

UK GAAP

UK **generally accepted accounting principles**, as defined in Income Tax Act 2007 s997(2) and Corporation Tax Act 2010 s1127(2).

UK Government Investments Ltd

Company registered on 11 September 2015 to hold investments for the government. Grants, loans and other payments may be made under the provisions of Enterprise Act 2016 s36.

UKITA	UK IT Association.
UK IT Association (UKITA)	<p>“A private sector organisation responsible for the development of a credible and thriving IT [information technology] industry across the United Kingdom” (UKITA website).</p> <p>The organisation was formed in 1999 and took its present name in 2006.</p>
UKLA	<p>United Kingdom Listing Authority.</p> <p>The current authority is the Financial Conduct Authority.</p>
UK-linked	<p>Tax term for a description of debt subject to tax provisions in Income Tax (Earnings And Pensions) Act 2003 s33.</p>
UK net debt	<p>In tax, a figure that is used in relation to worldwide debt cap as set out in Taxation (International and Other Provisions) Act 2010 Part 7.</p>
UK(NOR)	Not ordinarily resident in the UK.
UK office of exit	<p>Place in the UK where goods may leave on behalf of any EU-based exporter.</p>
UK oil licence	<p>The tax provisions for capital allowances are given in Capital Allowances Act 2001 from s410.</p>
UKOITC	United Kingdom Oil Industry Taxation Committee.
UKPE	<p>UK permanent establishment.</p>
UK permanent establishment	<p>In context of loss relief for companies, “any permanent establishment through which [a company] carries on a trade in the United Kingdom” (Income and Corporation Taxes Act 1988 s403G(6)).</p>
UK property business	<p>“A company’s UK property business consists of —</p> <ul style="list-style-type: none">(a) every business which the company carries on for generating income from land in the United Kingdom, and(b) every transaction which the company enters into for that purpose otherwise than in the course of such a business”

(Corporation Tax Act 2009 s205).

An identical definition for income tax is given in Income Tax (Trading and Other Income) Act 2005 s264.

UK property business loss	“A loss made in a UK property business in the surrender period” (Corporation Tax Act 2010 s102(1)).
UK public revenue dividend	For income tax, the term “means any income from securities which — (a) is paid out of the public revenue of the United Kingdom or Northern Ireland, but (b) is not interest on local authority stock” (Income Tax Act 2007 s891).
UKQI	UK Quality Infrastructure, a procedure formed to maintain standards in measurement. It was created on 8 June 2015.
Ukraine	Eastern country that become independent from Russia in 1991 though territorial disputes between the countries remain. Its currency is the hryvnia of 100 kopykas. The UK has a double taxation convention of 1993.
UK-registered company	For company law, “means a company registered under this Act. The expression does not include an overseas company that has registered particulars under section 1046” (Companies Act 2006 s1158). Note that a wider definition applies for the purposes of corporation tax.
UK related company	Company that is UK-resident or trades in the UK through a permanent establishment (Corporation Tax Act 2010 s134). The term is relevant for consortium relief .
UK-related expenses	Term used in relation to diverted profits tax and defined in Finance Act 2015 s87(5).
UK-related sales revenue	Term used in relation to diverted profits tax and defined in Finance Act 2015 s87(5).
UK-related supplies	Term used in relation to diverted profits tax and defined in Finance Act 2015 s87(5).

UKSC	Neutral citation for case reports from UK Supreme Court. The full citation also gives the year and the number of the case.
UK sector of the continental shelf	"The areas designated under section 1(7) of the Continental Shelf Act 1964" (Income Tax (Earnings And Pensions) Act 2003 s41(2)).
UK securities	"Means securities of — (a) the government of the United Kingdom, (b) a local authority in the United Kingdom, (c) another public authority in the United Kingdom, or (d) a UK resident company or other UK resident body" (Income Tax Act 2007 s566(3)). Sub-section (4) adds "but UK securities does not include UK shares ".
UK shares	"Means shares in a UK resident company" (Income Tax Act 2007 s566(1)).
UK sub-group	Term used for the bank levy. It is defined in Finance Act 2011 Sch 19 para 17(4).
UK Transit	A procedure for moving goods under customs control when import or export formalities are carried out away from the place of importation or exportation, and the movement does not involve another European Union (EU) Member State. Also known as National Transit.
UK UCITS	For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(c).
UK Uncut	Tax protest movement in UK.
UKUT	Part of citation for case reports for hearings of an Upper Tribunal.
UL	(1) Upper limit. (2) Underwriters Laboratories
ULEV	Ultra low emission vehicle.

ullage	Difference between the amount of liquor a barrel can contain and the amount it does contain.
ULSD	Ultra Low Sulphur Diesel
ULSP	Ultra Low Sulphur Petrol.
Ulster	The northernmost part of Ireland, comprising nine counties. Six counties are in Northern Ireland (and thus in the UK), namely: Antrim, Armagh, Down, Fermanagh, Londonderry and Tyrone. Three are in the Irish Republic: Cavan, Donegal and Monaghan.
Ulster Bank	Irish commercial bank, originally founded in 1836.
Ulster Unionist Party (UUP)	Political party of Northern Ireland. It governed Northern Ireland from 1921 to 1972. Since 1999, it is the second largest unionist party behind the Democratic Unionist Party.
ultimate holding company	Holding company which owns a company and all its other parent companies. So if A owns B who owns C who owns D, A is the ultimate holding company of B, C and D, each of whom must state this fact in their published accounts.
ultima voluntas testatoris est perimplenda secundum veram intentionem suam	Latin: effect is to be given to the last will of a testator according to his true intention.
ultra low sulphur diesel	A more environmentally-friendly replacement for Diesel Engine Road Vehicles (DERV) with a much lower sulphur content.
ultra low sulphur diesel oil	“Means gas oil: (a) the sulphur content of which does not exceed 0.005 per cent by weight or is nil; (b) the density of which does not exceed 835 kilograms per cubic metre at a temperature of 15°C; and (c) of which not less than 95 per cent by volume distils at a temperature not exceeding 345°C” (Hydrocarbon Oil Duties Act 1979 s1(6)).

ultra low sulphur petrol (ULSP)

Unleaded petrol of which: (a) the sulphur content does not exceed 0.005 per cent by weight or is nil; and (b) the aromatics content does not exceed 35 per cent by volume.

ultra-mobile personal computer (UMPC)

Very small and light personal computer.

ultra-violet feature

Security feature of Bank of England notes.

If a modern note is put under a light with a frequency around 365 nanometres, the value of the note will appear in red and green.

ultra vires

Latin: beyond the power.

The term refers to an act in excess of the authority of the body and which is therefore void.

UM

Abbreviation: ouguiya, currency of Mauritania.

umbrella contract

Term used for a **contract** that covers more than one provision. A common example is in the cleaning industry when an umbrella contract covers the time when the worker is working and the time between assignments.

umbrella scheme

Authorised unit trust where participants' contributions are put into separate pools and where the participant may transfer between pools.

The capital gains tax implications are set out in Taxation of Capital Gains Act 1992 s99A.

For child trust funds, a definition is given in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(c).

UMGO

Unmarked Gas Oil

UMKO

Unmarked Kerosene.

UMP

Amount of unauthorised payment from a pension fund. This abbreviation is used in the formula in Finance Act 2004 s210(9).

Umst

Abbreviation of **Umsatzsteuer**.

Umsatzsteuer (Umst) German term for "value added tax".

unable or virtually unable to walk

Term used in determining the amount of **mobility component** that may be paid to a claimant for **disability living allowance**. Someone who meets this condition qualifies for the higher rate of mobility component.

The claimant must be either unable to walk at all, or be very limited in distance, speed or time for which the claimant can walk. The higher rate may also be claimed where, although walking is possible, the exertion in doing so is detrimental to the claimant's health.

For speed and distance, the law sets no formal limits. In practice, though, this can mean a maximum limit of 50 metres a speed of 60 metres per minute.

Someone who has no feet because both legs are missing from above the ankle qualifies for the higher rate, even if they are able to walk using prostheses.

unactivated allowance condition

In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 s3321(2).

unadjusted trial balance

Trial balance which has not been adjusted to reflect the usual end-of-year adjustments such as for depreciation, accruals, prepayments and closing stock.

unadministered estate

For inheritance tax, "means all the property for the time being held by personal representatives as such, excluding property devolving on them otherwise than as assets for the payment of debts and excluding property that is the subject of a specific disposition, and making the allowance for outstanding charges on residue and for any adjustments between capital and income remaining to be made in due course of administration" (Inheritance Tax Act 1984 s91(2)(a)).

unallocated cash

Entry on a statement recording money received from a customer which has not been allocated against outstanding invoices.

unallocated payments

Part of the **customer accounting record** held by HMRC on its computer system for each taxpayer. (Inspectors'

Manual at DMBM 101010).

unallocated precious metals	Term used for a special provision of VAT law. There is a supply if a buyer has the right to call for delivery but has not been allocated any particular metal. The scheme originally applied just to gold, silver, platinum and palladium. From 1 December 1994, it also applies to rhodium, ruthenium, osmium and iridium.
unallowable purpose	In terms of tax avoidance and loan relationships, the term is defined in Corporation Tax Act 2009 s442.
unallowable purpose rule	Anti-avoidance provision in relation to controlled foreign companies . The rule is given in Corporation Tax Act 2009 s441. HMRC Guidance Note of 3 January 2014 explains how this rule interacts with the treatment of financing arrangements.
unallowable purpose test	Provision in Corporation Tax Act 2010 s684 (as inserted by Finance Act 2010) that may disallow tax relief for a transaction in securities .
unapportionable central overheads	In management accounting, costs that do not relate to a single service or services, and so are held centrally rather than in a cost centre .
unappropriated profits	Profits which have yet to be allocated as dividends or retained profit.
unappropriated surplus	Term used in Income and Corporation Taxes Act 1988 s444AL(3) in relation to the taxation of mutual life assurance business.
unattached officer (UO)	Excise officer who checked distilleries, working with the officer attached to the distillery. They were introduced from 1945 when Sunday distilling became legal. They were phased out during the 1960s and abolished by 1971.
unaudited	Description of accounts which have yet to be audited. Such accounts may be issued on a provisional basis provided it is stated that they are not audited. Unaudited accounts may not be put to members of a company or

organisation for approval.

unauthorised

Description of anything which has been done without the proper authority.

unauthorised deduction

In employment, any deduction from an employee's pay which is not authorised by the employee or by law. Under Employment Rights Act 1996 s13, such a deduction is unlawful even if the employee owes money to the employer.

unauthorised employer payment

Payment by a registered pension scheme that is an occupational pension scheme to or in respect of a sponsoring employer or a former sponsoring employer which is not an authorised employer payment, or anything which is treated as being an unauthorised payment to a sponsoring employer or former sponsoring employer under Part 4 of Finance Act 2004.

The term is defined in Finance Act 2004 s160(3).

unauthorised licensable activities

Offence of carrying on a licensable activities without the necessary licence (Licensing Act 2003 s136).

unauthorised member payment

Payment by a registered pension scheme to or in respect of a member or a former member of that pension scheme that is not an authorised member payment, or anything which is treated as being an unauthorised payment to or in respect of a member or former member under Part 4 of Finance Act 2004.

The term is defined in Finance Act 2004 s160(2).

unauthorised overdraft

Overdraft which the bank has not agreed in advance but is prepared to allow, usually at a high interest rate and with hefty bank charges.

unauthorised payments charge

Tax due under Finance Act 2004 s208 on either unauthorised member payments or unauthorised employer payments.

"A charge to income tax, to be known as the unauthorised payments charge, arises when an

unauthorised payment is made by a registered pension scheme" (Finance Act 2004 s208(1)).

The rate of tax is 40% of the unauthorised payment (Finance Act 2004 s208(5)).

unauthorised payments surcharge

Tax due under Finance Act 2004 s209 that is paid in addition to the **unauthorised payments charge**.

The tax is due where total unauthorised payments go over a set limit in a set period of time of no more than 12 months. The rate of tax is 15% of the unauthorised payments, giving a total tax charge of 55%.

"A charge to income tax, to be known as the unauthorised payments surcharge, arises where a surchargeable unauthorised payment is made by a registered pension scheme" (Finance Act 2004 s209(1)).

unauthorised purchase

When an employee or equivalent ostensibly buys goods or makes a contract without authority.

unauthorised shares

Term used in Income and Corporation Taxes Act 1988 Sch 10 para 6 in relation to **profit-sharing schemes**.

unavoidable cost

In management accounting, a cost that is not avoided by taking a particular action.

unbalanced

Not balanced. Description of accounts where the figures do not add up as they should. This indicates an error.

An unbalanced figure may be accepted if:

- the difference is small;
- there is no reason to believe that the difference is from two larger amounts;
- there is no reason to believe that the difference indicates a failure to keep proper records; and
- the cost of finding the difference is disproportionate to the amount involved.

unbanked

Description of cash and cheques in someone's possession waiting to be paid into a bank account.

unborn widow

Problem that once arose under the law for **perpetuities**.

A person may leave estate to a son then living, then to his wife (not yet known), and then to their children. The wife may not even be born at the time, and may

outlive other beneficiaries by more than 21 years. Before the law changed in 1964, such a bequest would be void.

uncalled

Amount of share capital which the shareholder has yet to contribute. A share may be sold for £2 payable in calls of 70p, 70p and 60p. If only the first call has been paid, the uncalled balance is £1.30 per share.

uncalled share capital

This term is defined in Companies Act 2006 s547 with the words "and uncalled share capital is to be construed accordingly". The rest of the section defines **called share capital**. The presumption therefore is that uncalled share capital is any share capital that does not come within the statutory definition of called share capital.

unclaimed allowance

In relation to research and development, "means any part of the allowance to which the person is entitled in respect of the qualifying expenditure but which has not been claimed" (Capital Allowances Act 2001 s442(4)).

uncle

Relation. Either a parent's brother or the husband of a parent's sister.

Tax law sometimes regards uncles as within the scope of relations for **connected persons** purposes. An example is dispositions for inheritance tax.

Historically, the term has been used as slang for a pawnbroker.

uncleared cheque

Cheque that has been issued but not cleared by the bank.

uncleared effects

Payment made into your bank but which has yet to appear on the bank statement.

uncommercial trade

Trade which is not run on a commercial basis, such as a hobby. Losses from such activity may not be offset against other profits (Income Tax Act 2007 s66).

unconditional discount

Term used in VAT notice 700 for a discount with no conditions. VAT is charged on the discounted price.

unconditional obligation

In relation to **tax-generated agricultural expenses**, means "an obligation which may not be varied or extinguished by the exercise of a right (whether under the contract or

otherwise)" (Finance Act 2012 s10(7)).

unconscionable

One of the three conditions set out in Taxes Management Act 1970 Sch 1AB para 3A for HMRC to grant special relief for discharging a tax assessment or repaying tax.

Condition A (given in para 3A(4) is that "it would be unconscionable for the Commissioners to seek to recover the amount (or to withhold payment of it, if it has already been paid)".

The meaning of the word was considered by the tax tribunal in the case *Clark [2015] TC 4509*. The tribunal held that the dictionary definition applied, namely completely unreasonable, unreasonably excessive, or inordinate or outrageous.

unconsolidated

Accounts of individual companies within a group which have yet to be put together as **consolidated accounts**.

unconsolidated subsidiary

Subsidiary company whose accounts have yet to be consolidated with other group companies into **consolidated accounts**.

uncovered bear

Someone **short selling** a security which he does not own in the expectation of being able to buy it later at a lower price.

uncrystallised funds

Funds held in respect of the member under a money purchase arrangement that have not as yet been used to provide that member with a benefit under the scheme (so have not crystallised), as defined in paragraph 8(3) of Schedule 28 to the Finance Act 2004. These are defined differently for cash balance arrangements. Here it is what funds there would be if the member decided to draw benefits on a particular date not the funds actually held in the cash balance arrangement at that time.

The provisions were amended by Taxation of Pensions Act 2014 from s53 with effect from 6 April 2015.

uncrystallised funds lump sum death benefit

A lump sum benefit paid from a money purchase arrangement following the death of the scheme member before the age of 75 (and within two years of that date of death) from any uncrystallised funds the member held in that arrangement at the point of death, and as defined in

paragraph 15, Schedule 29 to the Finance Act 2004.

UNCorporation Tax ActD

United Nations Council on Trade and Development, an organisation within the United Nations. It is primarily responsible for promoting the integration of developing countries into the global economy in ways that lead to sustainable development.

uncrystallised funds pension lump sum (UFPLS)

The amount of a pension fund that is tax-free when taken as a lump sum.

From 6 April 2015, there is no restriction on the amount of a money purchase pension fund that may be taken as a lump sum. It remains the law that only 25% of the fund is tax-free. This is known as the UFPLS. The balance is taxed at the person's marginal rate of tax.

undated

Description of anything which bears no date, such as a document whose origin is not known or a financial instrument with no set date for redemption or realisation.

undated bond

Financial instrument which has no **maturity date**. Such a bond may usually be redeemed at any time of the bearer's choice.

unde nihil labet

Latin: whence she has nothing. The term was mainly used before 1860 in respect of a widow's rights to property.

undercapitalised

Description of a business or venture which has insufficient capital. Such a business may survive and eventually prosper but is likely to struggle in its early years because of its problems of managing with insufficient resources.

undercharge

Charge less than the amount properly required.

underground duct

This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

under-hedged

Description of a risk for which there is insufficient hedging. Where there is a part of a **risk transfer** scheme, it may be caught by anti-avoidance regulations in Finance

	Act 2010 s46 and Sch 16.
underlease	Lease from a tenant to a subtenant.
underlying income or gain	In relation to the remittance basis, this is given a specific meaning in Income Tax Act 2007 s809VM(5).
underlying inflation	Rate of inflation which ignores some identified factors. The term is most commonly used to describe the retail prices index but excluding mortgage repayments. This is known as RPIX.
underlying subject matter	The property to which a future, option, contract for difference, or similar financial instrument relates. The term is defined in Corporation Tax Act 2009 s583.
under-occupied	Domestic property that is not fully utilised, such as having more bedrooms than are needed for the household. From April 2013, housing benefit is restricted for under-occupied homes.
underpants	A fanciful measure of economic prosperity, based on the theory that people buy more underwear when the economy is booming.
under-recovery	In management accounting, when the predetermined overhead recovery rate proves to be less than the actual overhead rate.
under-resourced	Lacking sufficient resources to perform a task properly.
underspend	Spending less than was intended or permitted.
understandability	Qualitative characteristic of financial statements, understandable by users. It is one of the four qualities of accounting information required by Statement of Principles . "The presentation of information in a way that makes it comprehensible by users who have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence" (FRS 102 glossary). The statement also says "the information provided

in financial statements should be presented in a way that makes it comprehensible by users who have a reasonable knowledge of business and activities and accounting and a willingness to study the information with reasonable diligence. However, the need for understandability does not allow relevant information to be omitted on the grounds that it may be too difficult for some users to understand" (FRS 102 section 2.4).

understate

Express a figure at less than its true amount. This may arise from caution or from a desire to represent a result as being better than it would otherwise appear.

undertaking

General

Any business or commercial operation. This term is favoured in recent accounting standards.

An official definition is "a body corporate, a partnership or an unincorporated association carrying on a trade or business with or without a view to profit" (FRS 2 para 16).

In company law, the term "means —

(a) a body corporate or partnership, or

(b) an unincorporated association carrying on a

trade or business with or without a view to profit"

(Companies Act 2006 s1161(1)).

For the definitions for **small business** and **micro business**, a statutory definition is given in Small Business, Enterprise and Employment Act 2015 s33(6).

Law

Promise given, particularly one which is legally binding.

Funeral directors

The business of funeral directors.

This is usually an exempt supply. Further details are given in VAT notice 701/32.

undertaking expenditure

In relation to a cap on first year allowances for zero-emission goods vehicles, "means —

(a) expenditure incurred by the investor,

(b) if the investor is a partnership, expenditure incurred (at any time) by a person who is a partner enterprise forming part of the investor at the time the current expenditure is incurred, and

(c) if the investor and the one or more persons together form, or have at any time formed, an undertaking, expenditure which is —
(i) incurred by that undertaking, or
(ii) incurred by any of those other persons at a relevant time”.
(Capital Allowances Act 2001 s212T(2)).

undertaking to make good any tax loss

Term used in Income Tax (Earnings And Pensions) Act 2003 s61C(5) in relation to **managed service companies** whose meaning is obvious.

under the counter

Unofficial trade in shops, particularly in contravention of war time rations.

under the hammer

Description of goods that are to be auctioned.

under the plough

Description of farm land which is used to produce crops, including fields which are currently fallow.

under-used holiday accommodation

Furnished holiday accommodation where the letting condition is not met. It may still qualify for tax relief under Taxation (International and Other Provisions) Act 2010 s326 and s326A and Corporation Tax Act 2009 s268A.

undervaluation

Valuation of an asset at less than its true worth, such as when a bank undervalues a property to justify a higher rate of mortgage interest.

undervalue

Value below the market value.
Corporation Tax Act 2009 s222 contains provisions relating to a lease at undervalue.

undervalued

(1) In accounts, description of an asset which is stated at less than its full value.
(2) In human resources, description of a person who is (or who feels) not properly appreciated.

underwater option

“A share option whose **exercise price** is higher than the current market value of the shares” (glossary in

Inspector's Manual at BIM 44001).

underwrite Accept responsibility for something, particularly someone who agrees to make up a loss if a venture raises insufficient money.

underwriter A technician trained in evaluating risks and determining rates and coverage for them. The term derives from the practice at Lloyd's of each person willing to accept a portion of the risk writing his name under the description of the risk.

Underwriters Laboratories (UL)

Security company in USA that certifies American safes.

underwriting An agreement by a fund manager to buy any unsold new issue of shares in exchange for a fee.

underwriting agreement Agreement to **underwrite** an issue of new shares.

underwriting bar The amount to which the benefits pertaining to a member of a group insurance scheme may increase without the need for further underwriting.

underwriting commission Commission paid to a person who agrees to **underwrite** a new issue of shares.

underwriting decision A decision made by insurance underwriters based on evidence supplied. In group insurance, it is often used to refer to decisions pertaining to individual members based on medical evidence.

underwriting fee Fee charged for the services of **underwriting**.

underwriting syndicate Group of people who combine to provide **underwriting** services.

underwriting year "Means the calendar year" (Finance Act 2007 Sch 11 para 3(9)).

undeveloped market value of the interest

In relation to capital allowances in mineral extraction, this term is defined in Capital Allowances Act 2001 s404(2)

and 424(2).

undifferentiated income

When income from more than source is regarded as coming from a single source.

undischarged bankrupt

Person who is bankrupt from which he has not yet been discharged. He is under severe restrictions.

undistributable profit

Net profit of a business which cannot be distributed as dividend or other distribution.

undistributable reserve

Fund held by a business which it may use for its business but which cannot be distributed to shareholders. It is usually the same as a **capital reserve**.

For **net asset restriction**, the term is defined in Companies Act 2006 s831(4).

undistributed profit

Net profit which a company has decided not to distribute as dividends to shareholders but to keep as **retained profit**.

UNDP

United Nations Development Programme, a programme of **United Nations**.

Its goals include the reduction of poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women.

undrinkable sediment

This is produced in **cask conditioned beer**.

Customs notice 226 explains that **beer duty** is relieved on this sediment. There is no set procedure for determining the amount, though the supplier must satisfy Customs that the method used is fair. A publican to whom such beer is sold must be notified of the quantity of beer on which duty has been paid.

Customs do not accept that there is undrinkable sediment in polypins, mini-pins or bottle-conditioned beer.

undue influence

Persuading someone to make a contract in a manner which goes beyond what is lawful.

unearned income

Income which is regarded as not being derived from the efforts of the recipient. In its later years, the term **investment income** was usually preferred.

Historically such income was subject to income tax at a higher rate until the abolition of **investment income surcharge** from 6 April 1984. Since then much unearned income has become taxed at *lower* rates than earned income. The distinction is now largely irrelevant.

Earned income included all forms of investment income, rent, licence fees and royalties (unless the taxpayer created the work).

unearned increment

Increase in the value of land and buildings which is not attributable to any action by the owner.

unearned premium

That portion of a premium already received by the insurer for which protection has not yet been provided.

UNECE

United Nations Economic Commission for Europe - one of the regional commissions of the United Nations. UNECE was established in 1947 and it currently has fifty-five member states. Its main goal is to encourage greater economic co-operation between member states, mainly through the development of conventions, regulations and standards.

UNEDIFACT

United Nations Electronic Data Interchange for Administration, Commerce and Transport - more commonly known as Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT).

unemployment benefit (UB)

Old social security benefit, now replaced by **jobseeker's allowance** from 1996.

It was introduced on 5 July 1948 when the rate for a man was £1 6s (£1.30) a week.

UB was payable after three waiting days for up to 312 days in any one period of interrupted employment. It was a requirement that the claimant had paid sufficient class 1 national insurance.

unemployment compensation

US equivalent of jobseeker's allowance or unemployment benefit. The compensation is paid under the US law of Social Security Act 1935. Each state is responsible for its own programme subject to federal guidelines.

unexhausted child trust fund business loss

Term defined in Finance Act 2007 Sch 7 para 83(3) in relation to carrying forward unused non-pension business loans.

unexhausted individual savings account business loss

Term defined in Finance Act 2007 Sch 7 para 83(2) in relation to carrying forward unused non-pension business loans.

unexhausted life reinsurance business loss

Term defined in Finance Act 2007 Sch 7 para 83(4) in relation to carrying forward unused non-pension business loans.

unexhausted overseas life insurance business loss

Term defined in Finance Act 2007 Sch 7 para 83(5) in relation to carrying forward unused non-pension business loans.

unexpended consideration

Term used in relation to **compulsory acquisition of land**. The implications for capital gains tax are given in Taxation of Capital Gains Act 1992 s247.

unexpired cost

Net book value of a fixed asset which has yet to be written off to the profit and loss account as the expense of depreciation.

unfair competition

Competition to a business which is on unfair terms, such as when a competitor does not incur necessary costs of complying with the law.

unfair contract term

A term in a contract which is unenforceable either because it seeks to avoid liability for death, or because it is unreasonable. This provision applies under Unfair Contract Terms Act 1977 but only where the term appears in a standard contract issued by a business, and the customer is a consumer.

unfair contract terms

A printed term in a **consumer** contract which the business person seeks to impose on the consumer.

Under Unfair Contract Terms Act 1977, such a provision is of no effect if the contract term seeks to:

- avoid liability for death or personal injury (s2);

- avoid liability when the business is at fault (s3);
- unreasonably indemnify a third party (s4);
- restrict statutory liability for faulty goods (s5).

unfair dismissal	Dismissal of an employee for an improper reason. This has been illegal since 1971.
unfair prejudice	Action taken by the majority shareholders to the disadvantage of minority shareholders. The minority holders have statutory protection under Companies Act 2006 from s994.
unfair relationship	New Consumer Credit Act test from 6 April 2007, whose non-compliance can make an agreement unenforceable.
unfair relationship between creditors and debtors	Provisions of Consumer Credit Act 1974 s140A where a consumer credit agreement contains terms unfair to the consumer.
unfair terms	In relation to consumer contracts, the law is contained in Consumer Rights Act 2015 from s61. "A term is unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer." (Consumer Rights Act 2015 s62(4)).
unfavourable	Description of a departure from a budgeted or forecast figure which is to the financial disadvantage of the business.
unfavourable variance	Variance from the budget which is to the financial detriment of the business, such as lower sales or higher costs.
unfinished beer	Beer that is not yet ready to drink but where beer duty may be payable (Customs notice 226).
unfitness	In relation to disqualification of company directors, unfitness is determined in accordance with Disability Discrimination Act 1995 from s12, including s12C as added by Small Business, Enterprise and Employment Act

2015 s105.

unfurnished letting	The provision of unfurnished letting with some administrative work was held not to be a trade. Income was investment income of rent. <i>(Pairceir v EM. Irish case. HC(1) 1971).</i>
UNGC	United Nations Global Compact.
unified business rate (UBR)	A replacement for the rates as charged to businesses. The main change was that the rate was set nationally by the government to stop local authorities imposing punitive rates on businesses, who have no vote, rather than on individuals. The government redistributes the business revenue.
unified management	“Unified management does not arise solely because one undertaking manages another” (FRS 2 para 12). See managed on a unified basis.
unified tax	System of income tax used from 1973. This replaced the previous system of allowing some income to be tax-free with a less complicated system of taxing all income above various allowances.
Uniform Certified Public Accountant Examination	Examination that must be passed to become a certified public accountant in the USA. An accountant qualified in another country may qualify by sitting the international qualification examination.
uniform rate	Term for basic rate of income tax used between 1894 and 1906.
unfunded debt	Debt which requires no particular measures for its repayment. The term is commonly used for short-term borrowing where the amount is recoverable from an insurance claim.
ungeared	Description of the capital of a business which has no borrowings.

- unguaranteed residual value** Amount of residual value of a lease asset whose realisation is not certain.
- uniform** Clothing of a colour and distinctiveness as to make the wearer's function readily identifiable. So uniforms are worn by police, nurses, waitresses, shop assistants etc.
Provided the clothing is not **everyday wardrobe** items, its cost is tax-deductible. The leading case is *Mallalieu v Drummond [1983] 57TC330*. The matter is explained in the Inspectors' Manual at BIM37910. The manual gives as examples a nurse's uniform and waiter's tailed coat.
For manual workers, the cost of uniform and its laundry is usually given as a fixed annual allowance.
In the VAT case, *French Connection Ltd [2015] TC 4367*, it was held that requiring sales staff to wear the company's latest fashions did not make those clothes uniforms, even though the requirement had a commercial purpose.
- uniform accounting policies** Use of the same accounting policies by different businesses.
- uniform business rate** Another name for **unified business rate**.
- Uniform Laws** Uniform Laws on International Sales Act 1967.
This provides some common conventions on international trading.
- uniform resource identifier (URI)**
In computing, a string of characters that identifies a name or resource on the Internet. An example is the **ISBN number** used to identify published books.
- Uniform Simultaneous Death Act**
A law enacted in some states of the USA to counter the law of **commorientes**. The law was first passed in 1940.
The main provision of the will is that commorientes is disapplied when two people die within 120 hours (five days) of each other. Either commorientes or this Act may be disapplied by the will, such as in a **Titanic clause**.
- unilateral agreement** Agreement made by one party who made an offer to anyone. This can establish a valid contract, as was held in

Carlill v Carbolic Smoke Ball Co [1893].

unincorporated	Description of a body which is not legally recognised as a separate entity from its owners, such as unlimited company.
unincorporated association	Body formed by individuals where the individuals remain fully liable for the debts of the body. They are subject to corporation tax on any taxable profits. If they make sufficient taxable supplies, they may be liable to register for VAT under Value Added Tax Act 1994 s46.
uninstall	In computing, a facility for removing a piece of software from a computer.
uninstalling	Removing software from a computer.
union consultation	Discussion between an employer and trade union, particularly as required by Trade Union and Labour Relations (Consolidation) Act 1992 s188 when 20 or more members are to be made redundant.
Union Customs Code (UCC)	Code introduced from 1 May 2016 determining the nature of Customs Comprehensive Guarantee .
union learning representative	A trade union official whose function is to identify and help meet the learning needs of its members. Such an official has the right to paid leave for his work under Trade Union and Labour Relations (Consolidation) Act 1992 s168A.
union recognition	Recognition of a particular trade union for the purposes of collective bargaining by a particular employer. Such recognition is given by the Central Arbitration Committee . The recognition may be compulsory (imposed on employer) or voluntary (agreed with employer).
unilateral	One-sided, such as in an agreement where only one party provides a consideration .

unilateral contract	<p>Contract where only one party's acceptance of the offer is made by performing the obligation.</p> <p>A common example is to offer a reward for a lost dog. A person who finds the dog has performed the contract, which comprises acceptance. Therefore the person who offered the reward is contractually bound to pay the reward.</p>
unique device identifier	<p>"An electronic equipment identifier which is unique to a mobile wireless communications device" (Mobile Telephones (Re-Programming) Act 2002 s1(2)).</p> <p>It is an offence to change this identifier or to possess equipment which can do so.</p>
unique identifier	<p>(1) Number that may be allocated to directors, company secretary or certain other individuals in respect of a registered company (Companies Act 2006 s1082).</p> <p>(2) Number engraved on back of a photocard driving licence for security.</p>
unique selling point (USP)	<p>In marketing, quality of goods or services that identify why a customer should favour those of one supplier over another.</p> <p>Examples of USPs include cheaper price, prompter delivery, greater durability, better support services, readier availability, greater ease of use, and similar.</p>
unique tax	<p>A one-off levy imposed in 1404.</p>
unique tax reference (UTR)	<p>Number allocated by HMRC to a taxpayer which should be quoted on all correspondence and tax returns. It typically comprises two sets of five digits.</p>
unique users	<p>In statistics, this refers the number of distinct individuals, as determined by observation.</p>
unissued capital	<p>Capital which a company is authorised to issue but has not done so.</p>
unissued stock	<p>Capital which a company is authorised to issue as stock (in the meaning of equity capital) but has not done so.</p>
unit	<p>(1) A single amount of an item, particularly one of an item offered for sale.</p>

- (2) Premises or single entity which occupies it.
- (3) Holding in a **unit trust**.
- (4) Measure of extra pension added to **state retirement pension** under the **graduated pension** scheme which ran between 1961 and 1975.

unit activity	In management accounting, an activity that is performed every time a unit of production is produced.
unit holder	Person who holds a unit in something, such as a unit trust. The term is used in Commonhold and Leasehold Reform Act 2002 s12 to mean someone who holds a commonhold unit .
unit cost	Cost of making a single item.
unite	Gold coin worth 20s minted between 1604 and 1612, worth 22s between 1612 and 1619, and 20s again between 1625 and 1662.
United Arab Emirates (UAE)	Arab country. Its currency is the UAE dirham of 100 fils. The UK has no double taxation treaty.
United Kingdom (UK)	Term adopted on 1 January 1801 for the union of England, Wales, Scotland and Ireland (now only Northern Ireland). The term now "means Great Britain and Northern Ireland" (Interpretation Act 1978 Sch 1). This definition was created on 12 April 1927.
United Kingdom Oil Industry Taxation Committee	A trade organisation representing the interests of the UK oil industry.
United Kingdom securities	"Any securities issued by or on behalf of Her Majesty's Government in the United Kingdom or the Government of Northern Ireland and any securities of a body corporate incorporated in any part of the United Kingdom" (Taxes Management Act 1970 s24(4)).
United Nations	An international organisation that acts as a forum for discussion and regulates international relations. Head

offices are in Geneva and New York. It was formed in 1944.

United Nations Global Compact (UNGC)

A voluntary initiative under which companies agree to implement sustainability goals as set out by United Nations.

United States Navy Exchange (USNX)

Labour facility for US naval personnel.

United States of America (USA)

Federal republic of 50 states which developed from 1783 when it gained independence from Great Britain. Its currency is the US dollar of 100 cents. The UK has a double taxation convention of 2001 amended by a protocol of 2002.

unit holder

Person who holds units in a unit trust.

unit-linked endowment

A fixed term savings plan with an element of life cover. Your savings go into an underlying fund of investments like shares and the eventual return you get depends on the performance of these investments.

unit-linked insurance

Insurance which is linked to the performance of a **unit trust**.

unit load

Any load, including groupage, which leaves the approved premises as a single, identifiable unit intended for exportation.

unit price

Price of a single item.

uniting of interests

Term used in some international accounting standards for **merger accounting**.

unit of account

Defined unit of a **medium of exchange**. The commonest medium is currency, where the unit of account is the **denomination** of the currency, such as the pound or dollar.

unit of account

(1) Currency or its equivalent which is used for accounting purposes.

(2) The type or size of packing in which the goods are sold, for example packets of 20 cigarettes.

unit of production

(1) Single item produced from a factory or similar.
(2) Method of calculating **depreciation** based on the number of saleable items it is expected to produce during its estimated economic life.

unit rated

A Unit rate is often used in determining the premium for large (more than 20 lives) group insurance schemes. In this basis of costing, the Unit Rate is applied to the total benefits provided under the scheme. The rate is determined with reference to banded membership data and other underwriting adjustments. For group life insurance the rate is usually expressed per £1000 of death benefit and for dependants pensions per £100 of insured pension.

unit trust

A trust set up as a pooled investment fund. The portfolio of investments is unitised in order to allow investors to buy and sell units.

The capital gains tax implications are given in Taxation of Capital Gains Act 1992 ss99-103A.

Unit trusts were subject to stamp duty before 16 March 1988.

unit trust investment duty (UTID)

Stamp duty that was abolished from 16 March 1988.

unit trust scheme manager

One of the following:

(a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to manage unit trust schemes authorised under section 243 of that Act, or

(b) a firm which has permission under paragraph 4 of Schedule 4 to the Financial Services and Markets Act 2000 (as a result of qualifying for authorisation under paragraph of that Schedule; Treaty firms) to manage unit trust schemes authorised under that section.

Unity Pools

Football pools during the war where the various companies combined for the duration.

universal agent	Person who has been given authority to act as agent for another person on all matters.
universal credit (UC)	Name introduced by the government in 2010 as the replacement for a raft of means-tested social security benefits. The benefit is created by Welfare Reform Act 2012 s1.
universal dummy	The code QQ999999 that must be used by a paying agent when reporting savings income that does not have its own identification reference number for the security involved. Use of this number will lead to the paying agent being audited by HMRC.
universal postal service	Arrangements that ensure that mail is delivered to every address in the UK. OFCOM has the duty to ensure this happens (Postal Services Act 2011 from s29).
universal postal service order	Order that may be issued by OFCOM to ensure a universal postal service (Postal Services Act 2011 s30).
universal service order	Order which may be imposed by the Secretary of State under Communications Act 2003 s65 regarding obligations on provider of radio, telephone and similar services.
universal service provider (USP)	For postal services, Royal Mail. Its status as USP allows its services to be exempt from VAT, though this was restricted from 31 January 2011.
university	Payments of research and development made by a company to such a body may be tax deductible under Corporation Tax Act 2009 s88.
University Air Squadron	One of the classes of reservists (PAYE regulations SI 2003 No 2682 reg 122(2)).
UNIX	Computer operating system, popular for running servers on the Internet.

- unjust enrichment** Concept in VAT under which a trader cannot claim back VAT if it would “unjustly” enrich the trader, such as when claiming back output tax on goods which are retrospectively held to be subject to a lower rate of VAT, when that tax cannot be passed on to customers.
- This provision was tested by Marks and Spencer in the **Great Teacakes Case**, more properly known as *Marks and Spencer plc v Customs and Excise [2000]* and subsequent years.
- There is no converse concept of unjust impoverishment.
- unjustifiably disciplined** Any action taken by a trade union against a member for not taking part in industrial action and similar as described under Trade Union and Labour Relations (Consolidation) Act 1992 s65. The member has the right not to be so disciplined under *ibid* s64.
- unjustified enrichment** Term used in Revenue Scotland and Tax Powers Act 2014 from s109. It has the same meaning as **unjust enrichment**, though it is applied to direct taxes.
- unlawful** Against the law. The term is sometimes distinguished from **illegal** in that the former means that the action attracts no penalty.
- unlawful deduction from wages** Deduction from wages for a reason which is not permitted.
- Only these items may be legally deducted from wages:
- income tax and national insurance;
 - contributions to an occupational pension scheme of which the employee is a member;
 - corrections of an overpayment on a previous payslip, subject to conditions;
 - attachments of earnings which been authorised by a court or other authority;
 - amounts which are authorised by the contract of employment;
 - amounts which the employee authorised *before* the deduction was made; and
 - **retail deductions** for shortfalls of stock or cash in the retail trade.

It should be remembered that any other deduction is unlawful even if the employee owes the money. An employee may take a claim to an employment tribunal for an unlawful deduction.

In particular, an employer has no right of sight-off against wages such as for such items as damage caused to company property or amounts outstanding for purchases from the company.

unlawful dismissal	Dismissal of an employee in an improper manner, such as not by giving notice or warnings.
unlawful distribution	<p>Dividend or similar distribution made by a company, other than as permitted under company law. The most common reason is that the company does not have sufficient profits.</p> <p>Such a dividend must be repaid to the company. If a member knew or should reasonably have known that it was unlawful when made, the member must repay it immediately (Companies Act 2006 s847).</p>
unleaded petrol	<p>Petrol "means petrol that contains less than 0.013 grams of lead per litre of petrol". (Hydrocarbon Oil Duties Act 1979 s13A).</p> <p>The limit was 0.020 grams before 1 April 1990.</p>
unlimited	Not limited, particularly as for a company.
unlimited company	A company where the liability of its members is not limited (Companies Act 2006 s3(4)).
unliquidated claim	Claim for an amount which has yet to be determined or agreed.
unlisted company	Limited liability company whose shares are not listed on any stock exchange.
unlisted securities	Shares and other securities which are not listed on a stock exchange.
unmarked gas oil	Heavy oil of which not more than 50% by volume distils at a temperature not exceeding 240 degrees C and of which more than 50% by volume distils at a temperature not exceeding 340 degrees C. Unmarked gas oil does not

contain the prescribed markers quinizarin and Solvent Red 24.

unmarked kerosene

A **heavy oil** of which more than 50% by volume distils at a temperature not exceeding 240 degrees C, but which does not contain the prescribed marker coumarin. Unmarked kerosene is usually called AVTUR or aviation turbine fuel, as it is used in aircraft engines.

unmarried couple

For pension credit, "means a man and a woman who are not married to each other but are living together as husband and wife other than in prescribed circumstances" (State Pension Credit Act 2002 s17(1)).

unmeasured work

One of the four bases for determining whether the **national minimum wage (NMW)** regulations have been followed.

It applies only to those workers for whom none of the other bases is appropriate. This happens when a person is engaged to complete a project regardless of how long it takes.

Compliance with NMW regulations requires either a record of hours actually worked to be kept and the NMW paid for those hours, or for a **daily average agreement**.

A daily average agreement states the average number of hours the worker is expected to work each day. This must be agreed in advance with the worker in accordance with government guidelines.

unnecessary material

Term used in company law in relation to items submitted to Companies House in excess of that required and which cannot "readily be separated from the rest of the document".

The presence of such material may mean that the document is regarded as not having been submitted. (Companies Act 2006 s1074).

uno flatu

Latin: with one breath.

unpaid amount

In relation to PAYE, "means any amount of tax or interest which —

(a) an employer is liable to pay under regulation 75A(10), 76(2), 77(6), 78(8) or 79(2)(b);

(b) an employee is liable to pay under regulation

72(7) or regulation 81(6).” (PAYE regulations SI 2003 No 2682 reg 84(1)).

unpaid contributions	National insurance contributions that have not been paid when they should have been. The offences are dealt with in Social Security Administration Act 1992 from s119.
unpaid expense	Bad debt for which a trade had claimed tax relief when it ceased trading (Income Tax Act 2007 s99(1)). Should the debt subsequently be paid it is treated as a qualifying payment and becomes taxable.
unpaid invoices	Invoices which the recipient has yet to pay.
unpaid leave	Absence from work authorised by the employer or the law but for which the employee is not paid. There are special provisions if an employee is entitled to a PAYE refund during such a period ub PAYE regulations SI 2003 No 2682 reg 63.
unpaid relevant contributions	In relation to a pension fund, these may qualify for tax relief under Income Tax (Trading And Other Income) Act 2005s753A.
unpaid remuneration	Remuneration that has not been paid to the director or employee within nine months of the end of the accounting period (Income Tax (Trading And Other Income) Act 2005s36). Tax relief is not allowed against the employer's taxable profits. If the amount has already been claimed, it must be added back in the same or a later taxable period.
unpaid seller	A seller of goods who has provided the goods as required under the contract and has either not been paid the whole price, or where payment was made by a bill of exchange which has not been honoured (Sale of Goods Act 1979 s38(1)). Under s39 of the Act, an unpaid seller has the right of seller's lien on any goods still in the seller's possession, a limited right of re-sale, and the right to stop goods in transit. These are in addition to his right to sue for payment.

unpaid work requirement	Element of a criminal sentence that an offender must perform unpaid work (Criminal Justice Act 2003 s199).
unpressured	Ethic of allowing counselling to proceed at its own natural pace.
unprofitable	Description of an activity or business which cannot be run at a reasonable profit.
unprompted	In relation to a disclosure of a tax error in Scotland, the term means "made at a time when the person making it has no reason to believe that Revenue Scotland has discovered or is about to discover the inaccuracy, the supply of false information or withholding of information, or the under-assessment". (Revenue Scotland and Tax Powers Act 2014 s192(5)).
unprotected trust deed	In Scotland, a trust deed which is not registered and therefore does not stop a creditor starting sequestration proceedings.
unqualified report	Report by auditor or examiner which discloses no concerns.
unquoted company	Company whose shares are not listed on a stock exchange. In the context of employee-controlled companies means "a company none of whose shares is included in the official UK list" (Income Tax Act 2007 s397(6)).
unquoted shares	Shares which are not listed on a stock exchange. The capital gains tax position is given in Taxation of Capital Gains Act 1992 s273.
unquoted status requirement	Requirement that entitlement to tax relief under the Enterprise Investment Scheme depends on the company not being listed on a stock exchange (Income Tax Act 2007 s143 and s184). Similar provision for VCT relief (Income Tax Act 2007 s295). Similar provision for share loss relief (Corporation Tax Act 2010 s85).

unrealisable gains	Apparent increase in the value of an asset which cannot be turned into cash.
unrealised	Gains and losses representing changes in values of assets and liabilities that are not realised through sale or use.
unrealised capital gain	Investment or asset which has grown in value but has not been turned into cash.
unrealised profit	<p>Profit that has been earned but not turned into cash, such as an unpaid debt.</p> <p>There are some legal restrictions on the use of unrealised profits (Companies Act 2006 s846 and 849).</p> <p>If the directors do not know whether a profit is realised or unrealised, they may regard it as realised (ibid s850(2)).</p>
unredeemed pledge	Pledge which a borrower has made but has not redeemed. An example is when a personal item is pledged or pawned, and the person cannot raise the cash to redeem the pledge to get it back.
unreduced amount	Term used in Corporation Tax Act 2009 s230 and Income Tax (Trading and Other Income) Act 2005 s290 in relation to the additional calculation rule for leases.
unregistered	Not on a central register. This commonly refers to the register of companies or the VAT register.
unregistered company	<p>Body corporate that has a principal place of business in the UK but is not registered in the UK, with some exceptions.</p> <p>Company law provisions are given in Companies Act 2006 from s1043.</p>
unregistered friendly society	Such a body is exempt from tax under Income and Corporation Taxes Act 1988 s459 provided its income does not exceed £160 a year and it has claimed exemption.
unrelated	In relation to completing form P11D for PAYE purposes, this term is defined for payments and benefits in PAYE regulations SI 2003 No 2682 reg 95(3).

unrelated expenses	Term sometimes used to mean expenses incurred by a business for a non-business purpose.
unrelieved	In relation to claims for research and development tax credits by a small and medium-sized entity making a loss, this term has a specific meaning given in Corporation Tax Act 2009 s1056.
unrelieved general annuity business	Term used in Finance Act 1991 Sch 7 para 17 in relation to taxation of annuity business.
unrelieved loss	Loss where no tax relief has been obtained for the current tax year and which therefore may be carried forward to future years (Income Tax Act 2007 83(2)).
unrelieved old expenditure	Term used in Income Tax (Trading and Other Income) Act 2005 in relation to waste disposal.
unremittable amounts	Corporation tax provisions are given in Corporation Tax Act 2009 from s172 and Income Tax (Trading and Other Income) Act 2005 from s187.
unremitted foreign securities income	Foreign securities income as defined by Income Tax (Earnings And Pensions) Act 2003 s41A that has not been remitted to the UK. The capital gains tax implications are given in Taxation of Capital Gains Act 1992 s119B.
unremitted Part 7A income	Term used in Taxation of Capital Gains Act 1992 s119C(3).
unrestricted fund	Fund which a charity may use for any purpose, unlike designated funds or restricted funds .
unrestricted income	Income which a charity or other non-commercial body may use for any purpose. There is no restriction imposed by the donor.
unsatisfactory goods	Goods sold to a consumer that do not meet the statutory requirement of being satisfactory .
unsecured creditor	Person to whom money is owed under an unsecured loan.

unsecured creditors Those who have no claim against particular assets when a company is wound up, but must take their turn for any share of what remains.

unsecured debt Debt which is not pre-preferential, preferential or secured. Most debt comes into this category.

unsecured loan Loan which is not secured on any asset. If the loan is not paid, the lender cannot seize any of the debtor's property.

unsecured pension Payment of income withdrawals direct from a money purchase arrangement, or income paid from a short-term annuity contract purchased from such an arrangement, to the member of the arrangement (who is aged under 75) and that meet the conditions laid down in paragraph 6 and 8 to 10 of Schedule 28 to the Finance Act 2004.

unsecured pension fund Funds, whether sums or assets, held under a money purchase arrangement that have been designated to provide a scheme member (who is aged under 75) with an unsecured pension, as identified in Finance Act 2004 Sch 28 para 8.

Once sums or assets have been designated as part of an unsecured pension fund any capital growth or income generated from such sums or assets are equally treated as being part of the unsecured pension fund.

Similarly where assets are purchased at a later date from such funds, or sums generated by the sale of assets held in such funds, those replacement assets or sums also fall as part of the unsecured pension fund (as do any future growth or income generated by those assets or sums).

unsecured pension fund lump sum death benefit

A lump sum benefit paid from a money purchase arrangement following the death of the scheme member before the age of 75 from any unsecured pension fund the member held in that arrangement at the point of death, and as defined in paragraph 17, Schedule 29 to the Finance Act 2004.

unsecured pension year	Term used up to 5 April 2012 for what is now called the drawdown pension year .
unsigned accounts	<p>There is no requirement for business accounts submitted with a tax return to be signed.</p> <p>HMRC lost a case where they imposed a penalty for late submission because the accounts were returned for signature (<i>Codu Computer Ltd [2011] TC 1055</i>).</p>
unsocial hours	<p>Hours when most people prefer not to work.</p> <p>This typically includes nights, weekends and public holidays. Working unsocial hours often attracts a premium.</p>
unsolicited	“Means, in relation to goods sent to any person, that they are sent without any prior request made by him or on his behalf” (Unsolicited Goods and Services Act 1971 s6(1)).
unsolicited participants	In psychology and similar disciplines, people who are unaware that they are taking part in an experiment.
unsubsidised	Description of a price which represents the real cost of producing the goods and services plus the supplier's profit. No payment or subsidy has come from the government or other source.
unsuccessful call attempt	“A communication where a telephone call has been successfully connected but not answered or there has been a network management intervention” (Data Retention and Investigatory Powers Act 2014 s2(1)).
Untelraab	Case that helped establish legal precedent that the residence of the company is where its decisions were made. The full name is <i>Untelraab Ltd v McGregor</i> . SpC 55 [1995].
untraceable member	A member of a registered pension scheme who cannot be traced prior to their 75th birthday.
untrue declaration	False declaration for Customs purposes. It is an offence for which penalties are prescribed by Customs and Excise Management Act 1979 s167.

unused allowance	Allowance which has not been wholly utilised. The term commonly applies to tax allowances which have not been used in one tax year but could be utilised in another year.
unused amount	Term used in Corporation Tax Act 2009 s230 and Income Tax (Trading and Other Income) Act 2005 s290 in relation to the additional calculation rule for leases.
unused exemption	Amount of relocation expenses available for offset of bridging loan expenses, as explained in Income Tax (Earnings And Pensions) Act 2003 s288.
unused non-pension business loss	Term defined in Finance Act 2007 Sch 7 para 83(1) in relation to carrying forward unused non-pension business loans.
unused relief	Relief against income tax which a person has not wholly utilised, particularly the married couple's allowance for older taxpayers. Income Tax Act 2007 s51 provides limited scope to transfer unused relief.
unwound	Description of a transaction that is reversed. An example is a distribution based on an overvalued goodwill. Under Corporation Tax Act 2010 s1020, such a distribution may be unwound.
unwritten law	Law that is not written as an Act of Parliament or similar. Unwritten law includes custom, common law and equity.
UO	Unattached officer.
UP	In relation to occupational pension schemes, any unauthorised payments as defined (Finance Act 2004 s185C).
UPOV Convention	International convention on plant variety rights . Customs may seize goods that infringe these rights.
upfront fees	One of the hallmarks of a tax planning scheme of which taxpayers are advised to be wary.
upper accruals point (UAP)	Limit in class 1 national insurance , above which contributions cease to count towards any entitlement.

The point is fixed at £770 a week, with no intention of changing it so that the earnings band between the **earnings threshold** and UAP will gradually reduce over the years.

UAP was introduced in 2009 and abolished in 2016.

upper earnings limit (UEL)	The maximum earnings on which National Insurance contributions are payable by employees at the full rate. Above UEL, employees pay the additional rate.
Upper House	House of Lords.
upper limit (UL)	Term is particularly used for the limit at which the full rate of corporation tax is payable. Details are given in Corporation Tax Act 2010 s24. This figure was introduced in 1973 at £40,000, and has been £1.5 million since 1994. It is abolished from 1 April 2015.
Upper Secondary Threshold (UST)	The limit of earnings up to which employer's national insurance is not payable for an employee who is under 21. The UST was introduced from 6 April 2015.
upper tax tribunal for Scotland	Tribunal for hearing appeals on tax cases in Scotland (Revenue Scotland and Tax Powers Act 2014 s21(4)).
Upper Tribunal	Higher of the two levels of tribunals introduced from 2009 (Tribunals, Courts and Enforcement Act 2007 s3). The Upper Tribunal hears appeals from the first-tier tribunal , and will also first hear more complex issues.
upset price	Reserved price of goods at an auction. If no-one bids a higher price, the goods are sold to the person who offered the upset price.
upstream loan	Loan from a subsidiary to a parent company. If such a loan is made from a controlled foreign company to a UK parent, it falls outside the scope of the finance company partial exemption .
UR	(1) Repayment User, namely a person who has been individually authorised and approved to reclaim the excise duty on duty-paid oil put to eligible use.

(2) Term used in the formula for calculating the ring fence amount for the oil industry. The formula is given in Corporation Tax Act 2010 s279D.

uranium

Radio-active metal element.

A licence is needed from the **Office for Civil Nuclear Security** to import it. Customs clearance requires this licence.

urban regeneration company

Body set up by the government to assist in urban regeneration. Contributions to such companies are tax deductible either under Income and Corporation Taxes Act 1988 s79B or Corporation Tax Act 2009 s82 or Income Tax (Trading and Other Income) Act 2005 s86.

The term is defined in Corporation Tax Act 2009 s86 and Income Tax (Trading and Other Income) Act 2005 s86.

Urgent Issues Tax Force

Body which prepares accounting abstracts to deal with narrow accounting issues, usually particularly topical ones. It was abolished in 2014.

URI

Uniform resource identifier.

URL

In computing, Unique Resource Locator.

This specifies where a computer resource is located and how to access it. A common example is a website domain name. The path to the domain is indicated by steps, each marked by the forward slash / sign.

urn

An urn for cremation is exempt from VAT if provided as part of a funeral service. Further details are given in VAT notice 701/32.

URTI

Upper respiratory tract infection. Common abbreviation for sick notes (HMRC leaflet E14).

Uruguayan peso

Currency of Uruguay.

US

United States (of America).

This abbreviation is often used as an adjective, as in "US reports". It is also used to indicate US law reports.

US\$

Abbreviation: US dollar.

usage	Rate or amount by which a commodity is used.
usage method	Method of calculating depreciation . It calculates the total amount of use an asset is likely to get during its estimated useful life, and calculates the depreciation as the proportion of that usage for the period.
usage segmentation	Dividing users of a product or service according to their usage of that product or service. The classification is usually a simple one, such as heavy, medium and light.
USB datastick	<p>Small device, usually about 7 cm long and 1 cm wide, with the standard rectangular USB connector for computers.</p> <p>Such datasticks can now hold many gigabytes of data. HMRC generally accepts data submitted on a USB datastick. It should be realised that HMRC then destroys the datastick rather than return it.</p>
USD	ISO code for US dollar.
use class order	In planning law, a category of development for which planning permission may be given. Once permission for that category is given any subsequent occupier of those premises may use those premises for any activity within the use class order without needing to obtain any further permission. For example, shops are A1 use. So a shop selling sweets may become a clothes shop without needing any further permission.
used solely as a dwelling	Term used for capital gains tax with regard to a taxpayer's home, or part of a home. This removes that part from the scope of business premises useful economic life .
used-up amount	Term used in relation to ring-fence allowances in Corporation Tax Act 2010 s330A(3).
useful economic life	<p>In accounting, period from which an organisation expects to derive economic benefit from an asset. This is used as the basis for depreciation.</p> <p>For goodwill, FRS 10 allows amortization over the same period as the underlying tangible assets.</p>

useful economic life test	For finance leases , a test set out in Capital Allowances Act 2001 s70P.
useful life	In accounting for depreciation, “the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by the entity” (FRS 102 glossary).
use it or lose it	Aphorism for budget lapsing . It refers to the practice of removing any unused budget allocation. It has the disadvantage of encouraging unnecessary spending.
use of information	Rules that govern what HMRC may do with information it has received from and about taxpayers. These rules are set out in Commissioners for Revenue and Customs Act 2005 s17.
use of the money raised requirement	Condition which must be satisfied in terms of the purposes of funds raised by a share issue for investors in that issue to obtain tax relief, such as for EIS relief under Income Tax Act 2007 s175, or for VCT relief under s293. The requirement is broadly that at least 80% of the funds must be used for the business.
user	Someone who uses something. In marketing, this refers to the ultimate customer of the product as against the immediate customer. In law and personnel, the term often means a user of illicit drugs. Colloquially the term means someone who cultivates friendships primarily for what can be got out of them.
user friendly	Description of a computer program which can easily be used with little instruction.
User ID	An automatically-generated identity which is used together with a password to log onto the Government Gateway or HM Customs and Excise web sites.
user name	Customer's name or a nickname in a form recognised by a computer, such as <i>johnhiggins</i> , <i>johnsmith47</i> or <i>madman</i> .

A customer may not use a name already in use. The user name is usually entered with a **password**.

user's guide

Book or other instructions supplied with a product, explaining how to use it.

US GAAP

In relation to corporation tax on banks, "means United States Generally Accepted Accounting Principles" (Corporation Tax Act 2010 s269BD(4)).

Usher

Leading case on the **remoteness test** for allowability of expenditure. The full name is *Usher's Wiltshire Brewery Ltd v Bruce [1914] 6TC399*. The matter is discussed in the Inspectors' Manual at BIM37200.

USM

Unlisted Securities Market.

USNX

United States Navy Exchange, an organisation which operates shops and other establishments supplying goods and services to United States Navy personnel around the world. See also: Army and Air Force Exchange Service.

USO

Universal service operator, such as Royal Mail.

USP

(1) Universal service provider.

In relation to postal services, the relevant law is Postal Services Act 2011 from s35.

(2) In marketing, unique selling point.

Usquebaugh

Irish: whiskey.

UST

Upper secondary threshold.

usual place of residence

For VAT **place of supply** rules, "in relation to a body corporate, means the place where it is legally constituted" (Value Added Tax Act 1994 s9(6)).

For VAT registration, the same definition is used in *ibid* Sch 1 para 10(4)(b)).

usury

Extortionate interest.

In Old Testament and historically, the charging of interest on a loan to relieve poverty. This was considered improper while the charging of interest for a business was

	acceptable.
uterine	Born of the same mother but not of the same father.
UTCCRs	Unfair Terms in Consumer Contracts Regulations 1999.
UTI	Urinary tract infection. Common abbreviation for sick notes (HMRC leaflet E14).
UTID	Unit trust investment duty
utilities	Basic services provided to a household, such as gas, electricity, water and telephone. Also, the companies that provide such services.
utilisation	Process of making use of something.
Utility scheme	<p>Government scheme designed to preserve scarce resources during the second world war.</p> <p>The scheme ran from 1941 to 1952. It applied to clothing, furniture, radios and many other household items. These were manufactured to a plain standard design to achieve economy of production and to avoid wastage in unnecessary features.</p> <p>Utility goods were exempt from purchase tax.</p>
uti possidetis	<p>Latin: as you possess.</p> <p>The principle that property remains with the possessor.</p>
utmost good faith	<p>The principle of insurance which requires a proposer to give all relevant information to the insurer.</p> <p>It is also known by the Latin name uberrime fidei.</p>
UTR	Unique tax reference.
ut res magis valeat quam pereat	<p>Latin: it is better for a thing to have effect than to be made void.</p> <p>This principle was set out in <i>Roe v Tranmarr [1757]</i>.</p>
UTR reminder	Request to HMRC by a tax agent for the UTR of a client. HMRC advises that this should normally be sought from the client. If, exceptionally, that is not possible, HMRC will

confirm the UTR to an authorised agent, but not by telephone or fax.

utter

In forgery, attempt to pass off something false as genuine.

utter barrister

A barrister who is not a **Queen's Counsel**.

UUP

Ulster Unionist Party.

UUS

Company's unappropriated surplus from 2003. The abbreviation is used in Income and Corporation Taxes Act 1988 s444AK in relation to the tax implications of mutual life assurance business.

UUT

Unauthorised unit trust.

UYU

ISO code for Uruguayan peso.

Uzbekistan

Eastern country. Its currency is the som of 100 tiyms. The UK has a double taxation convention of 1993.

UZS

ISO code for Uzbekistan som.

V

V

National insurance

National insurance contribution letter indicating that the employee is a mariner aged under 21 who is in contracted out employment. The letter is only used for the 2015/16 tax year.

Other meanings

- (1) Suffix once used for a **tax code**. This indicates that the taxpayer is entitled to the married age allowance for someone born before 6 April 1935.
- (2) Roman numeral for 5.
- (3) Abbreviation for volts, unit of electromotive force.
- (4) **CFI code** for a voting share.

v	Versus, against. Used in names of court cases such as <i>Pepper v Hart</i> to separate the names of the parties.
VA	In relation to unauthorised borrowing by an occupational pension scheme, the value of an arrangement. This abbreviation is used in Finance Act 2004 s182(2).
Va	Virginia, US state.
vac	Abbreviation for vacant, vacation or vacuum cleaner.
vacant possession	Description of a building where there are no sitting tenants. Such a building has a higher value than one where there are tenants.
vacation	Process by which a tax assessment is reduced to zero.
vacations	In law, period between sittings of the court.
vacation bank	An employee's allotment of annual leave.
vaccine damage payment	Tax-free lump sum payable under Vaccine Damage Payments Act 1979 for damage caused from vaccination under a government programme.
vaccine research relief (VRR)	Tax relief that was provided between 22 April 2003 and 31 March 2012 for research into vaccines. Only 10 claims were made. It has now been absorbed into the general relief for research and development.
VAD	Voluntary Aid Detachment.
vagrant	Criminal offence of being an "idle and disorderly person", a "rogue and vagabond" or an "incorrigible rogue", as defined in Vagrancy Act 1824.
vague	Insufficiently detailed in description. A vague clause can invalidate a contract or a legacy. Whether a clause is too vague is ultimately for the courts to determine.
Vallambrosa	Early case on whether expenditure is capital or revenue. The full name is <i>Vallambrosa Rubber Company Ltd v</i>

Farmer [1910] 5TC529. The matter is discussed in the Inspectors' Manual at BIM35305. This related to the expenditure on the first five years of looking after rubber trees before they are able to produce rubber.

Valor Ecclesiasticus

Latin: church valuation.

Survey made by Henry VIII in 1535 on all churches in England, Wales and parts of Ireland regarding their value. This was used to tax them. One consequence of this was the **chancel** repair obligation that still exists today.

valour

An award for valour may come with an annual payment. Such payment is exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s638.

The disposal of such a decoration by the person to whom it was awarded is not taxable as a capital gain (Taxation of Capital Gains Act 1992 s268). The sale by a subsequent owner is not covered by this exemption and so may be taxable.

valuable consideration

In contract law, a **consideration** supporting a contract.

The general rule is that it must be valuable (ie be expressed as an amount of money or worth money) but need not be adequate. A contract for a nominal amount is valid.

Under Law of Property Act 1925 s205(1), valuable consideration includes marriage but not nominal amounts.

valuation

Process of ascribing a monetary value to an item.

For property, Carried out by a professional surveyor to establish how much the property is worth and whether it is suitable to lend a mortgage on. There are 3 types of valuation that can be done, a basic valuation, homebuyers report or full structural survey.

Variable rate

A rate that can move up or down at any time. Usually linked to changes in the Bank of England Base Rate.

valuation assumptions

Pensions

In pensions and other areas, assumptions about a person.

For pensions, there are assumptions if the person has not reached such age (if any) as must have been reached to avoid any reduction in the benefits on account

of age, that the person reached that age on the date, and that the person's right to receive the benefits had not been occasioned by physical or mental impairment.

Council tax

For council tax, the assumptions are that:

- the property has vacancy possession,
- a house was sold freehold, and a flat with a 99-year lease,
- the property is free of any rent charge (or Scottish equivalent),
- the property is of the same size and layout as when valued,
- the dwelling is in reasonable repair,
- fixtures for disabled people are excluded from valuation,
- the premises is restricted to private residence,
- the premises have no development value.

valuation bands

For council tax, bands into which all properties are placed according to their value at a fixed date. The bands are identified as A to H, plus I in Wales. Band D is regarded as the average.

valuation declaration

For Customs purpose, a statement that an importer may be required to make in relation to goods above a certain value.

valuation expenses

The extent to which such expenses are tax-deductible is discussed in the Inspectors' Manual at BIM42540.

Such expenses are generally tax-deductible if made for stock-taking, producing annual accounts or insurance claims. They are generally not deductible for company reconstructions or probate.

valuation list

List kept by local authorities of properties in their area with valuations for council tax purposes (Local Government Finance Act 1992 s23).

valuation of benefits

In relation to employment, this is determined according to Income Tax (Earnings And Pensions) Act 2003 s415.

Valuation Office	Part of HM Revenue and Customs that values property. Its authority derives from Commissioners for Revenue and Customs Act 2005 s10.
valuation tribunal	In relation to non-domestic rates, “means — (a) in relation to England, the Valuation Tribunal for England, (b) in relation to Wales, a valuation tribunal established under paragraph 1 of Schedule 11” (Local Government Finance Act 1988 s55(8) as inserted by Enterprise Act 2016 s32).
value	<p>The worth ascribed to an asset, person or organisation. A value must always be made on the basis of certain assumptions and circumstances.</p> <p>In relation to non-resident insurance companies, the term “means the amount that, at the time at which the value falls to be determined, the non-resident insurance company would obtain from an independent person for the transfer of all the company’s rights in respect of the asset” (Non-Resident Insurance Companies Regulations SI 2003 No 2715 reg 3(3)).</p>
value added	Additional value which is acquired to an asset or service when it passes from one person to another.
value added tax (VAT)	<p>Tax on the supply of goods and services.</p> <p>It is imposed by Value Added Tax Act 1994 s1(1): “(a) on the supply of goods or services in the United Kingdom (including anything treated as such a supply), (b) on the acquisition in the United Kingdom from other member States of any goods, and (c) on the importation of goods from places outside the member States”.</p> <p>It was introduced in the UK on 1 April 1973 as a replacement for purchase tax and selective employment tax.</p> <p>The tax may only be charged by registered traders. Traders with turnover above the registration threshold <i>must</i> register; other traders may do so.</p> <p>VAT is charged at the standard rate (currently 20%) unless the supply is specifically zero-rated, reduced-rated or exempt.</p>

value added statement	Simple financial statement which explains how a business has acquired its wealth. It is additional to all other financial statements.
value chain	In management accounting, a description of the series of activities that bring a unit of production of goods of services from its initial stages to delivery to the customer.
value declaration	Statement that may be required in relation to customs duty on imports of a large value.
valued policy	Insurance policy that states the value of the property as agreed between the parties.
value in use	<p><i>Current accounting standard</i></p> <p>“The present value of the future cash flows expected to be derived from an asset or cash-generating unit” (FRS 102 glossary).</p> <p><i>Previous accounting standard</i></p> <p>“The present value of the future cash flows obtainable as a result of an asset’s continued use, including those resulting from the ultimate disposal of the asset” (FRS 7 para 2).</p> <p><i>Current accounting standard in relation to assets held for their service potential</i></p> <p>“When the future economic benefits of an asset are not primarily dependent on the asset’s ability to generate net cash inflows, value in use (in respect of assets held for their service potential) is the present value to the entity of the asset’s remaining service potential if it continues to be used, plus the net amount that the entity will receive from its disposal at the end of its useful life” (FRS 102 glossary).</p>
value judgment	Determination of the rightness or wrongness of someone or something. A value judgment usually involves comparison with a set of values based on a value system .
value market	<p>That part of the retail sector which sells the more expensive and luxurious items.</p> <p>The value market is vulnerable to adverse market conditions as customers economise on luxuries first.</p>

Conversely, the value market is the first to recover when economic conditions improve.

value of supply of goods or services

Amount on which VAT must be charged (Value Added Tax Act 1994 s19).

value proposition

Collection of tangible and intangible benefits claimed for a product.

value-protected annuity

An option which became available from 6 April 2006 for those with a **private pension**.

This is a normal annuity but with the additional provision that if the member dies before the age of 75 (or at any lower age chosen by the member), a sum will be paid to the member's estate so that the total payments equal the value of the pension fund at retirement.

Suppose a man retired at 65 with a pension fund of £100,000 and dies at 72 having received seven years' pensions totalling £49,000. The balance of £51,000 is paid to his estate, from which 35% income tax is deductible.

valuer

Person whose job is to ascribe values.

value received

Words that may appear on a **bill of exchange** to indicate that either value has been received by the drawer from the payee or by the acceptor from the drawer.

Strictly speaking, these words are not necessary as it is assumed that every party whose signature appears on a bill has received value.

value received by the investor

When an investor receives any benefit from a company in which he has invested and claimed **EIS relief**. This can result in some of the relief being withdrawn under Income Tax Act 2007 s213 unless the amount is a **receipt of insignificant value**.

value shifting

One of several types of tax avoidance scheme that aims to shift value in an asset to reduce the taxable gain on it. Provisions to counter such schemes are given in Taxation of Capital Gains Act 1992 from s29.

These provisions are amended by Finance Act 2011 Sch 9.

There are separate provisions for occupational pension schemes in Finance Act 2006 from s181.

value system

Set of ethical values against which **value judgments** can be made about specific situations or people.

value to the business

An idea used in deciding on a measure of **current value**.

van

"A mechanically propelled road vehicle which:

(a) is a **good vehicle**, and

(b) has a **design weight** not exceeding 3,500 kilograms,

and which is not a motor cycle"

(Income Tax (Earnings And Pensions) Act 2003 s115(1) and s235(3)).

The difference between a car and a van is that a car is designed primarily to carry people and the latter primarily designed to carry goods or burden. The number of seats or windows is irrelevant.

In marginal cases, HMRC gives guidance published on its website. This is just guidance and may be challenged at a tribunal. A vehicle may be classified differently for different taxes. In *County Pharmacy [2005]*, the Special Commissioners held that a motor home was a car for income tax purposes, even though it was regarded as a van for VAT.

An employee who is provided with a van that may be used for private journeys may be taxed on its notional value under Income Tax (Earnings And Pensions) Act 2003 s154. This is known as **van benefit**. There is a separate charge if fuel is also provided.

There are special provisions for a **zero-emission van**.

van benefit

Amount on which an employee is taxed if provided with a **van** for personal use. If fuel is provided, a separate **van fuel benefit** is also taxed.

From 6 April 2007, the benefit was fixed at £3,000. This figure has been indexed since 6 April 2014. From 6 April 2005, there is no benefit charge if the employee takes the van home to start a business journey next day.

Between 6 April 1993 and 5 April 2007, the van benefit was £500, or £350 for an older van.

Between 6 April 1990 and 5 April 1993, the van

benefit was calculated as an **asset used by an employee**. Before 6 April 1990, it seems that employees were not taxed for van benefit.

Van den Berghs

Leading case on whether payments are capital or revenue in nature. The full name is *Van den Berghs Ltd v Clark [1935] 19TC390*. The matter is discussed in the Inspectors' Manual at BIM35530.

van fuel benefit

Amount on which an employee is taxed if provided with a **van** for personal use and the employer pays for the fuel for the employee's private use.

From 6 April 2007, the benefit was £500 a year. This figure has been indexed since 6 April 2014.

vanilla

Simple and conservative, particularly in relation to financial products. The term is an allusion to the common flavour of ice cream.

vanity publishing

When an author pays for a publisher to publish his or her book.

For VAT, if the publisher sells the books to the author, the supply is one of zero-rated books. If the publisher retains possession, it is regarded as a **mixed supply** of zero-rated books and standard-rated publishing (VAT notice 701/10).

Agreements have been reached with trade bodies on how to apportion the supply. Details are given in VAT notice 700/57.

Vanuatu

Island country in Pacific Ocean that became independent in 1980. Its currency is the *vatu*. The UK has no double taxation treaty.

vapour recovery formula

Formula used to determine the amount of oil vapour that has been recovered as usable liquid under the **vapour recovery scheme**. A formula is used as physical means of measurement, such as tank gauging systems, cannot measure the amount of recovered oil with reasonable accuracy.

vapour recovery scheme

Scheme to ensure that tax is not paid again on petrol whose vapour has been recovered as usable liquid.

vapour recovery unit (VRU)	Device that is legally required at oil terminals to ensure that vapourised oil does not enter the atmosphere. The recovered oil is mixed with existing liquid oil. There is a vapour recovery scheme to ensure that excise duty is not paid again on the recovered oil.
VaR	Value at Risk, term used by the Financial Services Authority.
Vardy	<p>Name of an unsuccessful scheme to avoid stamp duty land tax.</p> <p>Under the scheme a property was purchased by a UK unlimited company formed for the purpose. It was then returned to the shareholders as a dividend. It was held that the dividend was unlawful as it did not come from company profits.</p> <p>The case was <i>Vardy Properties v Vardy Properties Ltd [2012]</i>. The scheme was explicitly outlawed by anti-avoidance legislation from 6 December 2006. Further details are given in HMRC Spotlight 14.</p>
variable	Description of a figure or amount which changes according to an external factor.
variable cost	Cost which varies according to the amount of production to which it relates.
variable rate	Rate which varies during a defined period, commonly an interest rate which is linked to the base rate.
variable rate securities	Securities whose rate is not fixed. Such securities are excluded from the accrued income scheme (ITA s626). A definition is given in ITA s627.
variance	<p>In accounting, difference between actual income or expenditure and the budgeted figure.</p> <p>In law, discrepancy between a statement and a writ.</p>
variance accounting	Another term for variance analysis .
variance analysis	In management accounting, the study of where the actual figures differ from budgeted figures.

variation	<p>Departure from what is expected.</p> <p>In tax, any significant variation in income and expenditure patterns may give rise to query from HMRC. It is advisable for taxpayers to disclose particularly large or unusual variations on the tax return, such as in the white space or in a covering letter.</p>
variations of class rights	<p>Changes in the rights attaching to shares in a company. The legal implications are set out in Companies Act 2006 ss630-640.</p>
Varley assurances	<p>Assurances given to the oil industry in 1974/75 by then Energy Secretary Eric Varley MP (1932-2008) that the government would allow them to extract as much oil as possible and not seek to impose cutbacks by regulation or taxation. These assurances were in effect overturned on a change of government in 1979.</p>
VAS	<p>Voluntary Advisory Service.</p>
vassal	<p>Feudal tenant who owed military service to his landlord.</p>
vastum	<p>Latin: waste.</p>
VAT	<p>General</p> <p>Abbreviation of value added tax.</p> <p>[It should be noted that the legislation often uses VAT as the name of the tax, rather than an abbreviation of the name of the tax.]</p> <p>“VAT means value added tax charged in accordance with this Act, or, where the context requires, with the law of another member state” (Value Added Tax 1994 s96(1)).</p> <p>Information powers</p> <p>For information powers, the term is defined in Finance Act 2008 Sch 36 para 66(3).</p> <p>Data-gathering powers</p> <p>For the purposes of HMRC data-gathering powers, VAT “means —</p> <ul style="list-style-type: none">(a) value added tax charged in accordance with [Value Added Tax 1994], and(b) value added tax charged in accordance with the

law of another
member State,
and includes any amount that is recoverable under
paragraph 5(2) of Schedule 11 to VATA 1994 (amounts
shown on invoices as VAT)"
(Finance Act 2011 Sch 23 para 45(3)).

- VAT 1** Form used to register a business for value added tax.
- VAT 2** Form which must be completed by a partnership that wishes to register for value added tax, in addition to form VAT 1.
- VAT 20** Version of form **VAT 1** written in Welsh.
- VAT account** A summary of the totals of output tax, input tax and net tax due for each VAT period.
- VAT and Duties Tribunal** A body, independent of HMRC, that provided a method of dealing with disputes concerning VAT, and both customs and excise duties. Its work has now been taken over by **tax tribunals**.
- VAT and excise penalty** Penalty introduced from April 2010 for offences relating to VAT or excise duty.
- VAT appeal** An appeal against certain VAT matters may be made under the provisions of Value Added Tax 1994 from s83.
- VAT assurance officer** Employee of HMRC who works from an inland office, and visits premises of VAT-registered businesses. The function is to validate VAT returns against business records.
- VAT charter** Code of practice issued by Customs and Excise in 1992 regarding VAT.
- VAT code** Number which corresponds to a rate of VAT, such as 1 for standard-rate, 2 for reduced rate etc. This number is entered against the product code in an **EPOS system** so that the correct rate of VAT is charged when the goods are checked out.

- VAT credit** Balance of VAT repayable by HMRC when the input tax exceeds the output tax (Value Added Tax Act 1994).
- VAT declaration** Statement at the end of a **VAT return** stating that the signatory believes the information is correct.
- VAT default surcharge** Another name for the **default surcharge** as imposed under Value Added Tax 1994 s59.

VAT, excise and Customs helpline

HMRC telephone helpline that can answer general queries on VAT, Customs duties, insurance premium tax, landfill tax, aggregates levy, air passenger duty, climate change levy and mineral oils duties. It can answer questions from businesses and from the public. The number is 0845 010 9000.

VAT fraction

Fraction used to calculate the VAT element of a VAT-inclusive price. An explanation is provided in VAT notice 700.

The fraction is:

$$\text{VAT fraction} = \frac{\text{VAT rate}}{100 + \text{VAT rate}}$$

So for 20% VAT, the VAT fraction is 20/120 or one sixth. So if an item is bought for £12 including VAT, the VAT element is one sixth or £2.

VAT rate	VAT fraction
25%	1/5
20%	1/6
17.5%	7/47
15%	3/23
12.5%	1/9
10%	1/11
8%	2/27
5%	1/21

VAT guide

VAT notice 700 which provides general guidance on the operation of VAT. The publication is available free from HMRC and may be freely downloaded from HMRC website.

Vatican	Palace of the Pope, which is recognised as an independent state within Italy from 1929. It issues its own currency modelled on the euro. The UK has no double taxation treaty.
VAT inspection	Visit by officers of HMRC to check on the correctness of VAT returns .
VAT inspector	Office of HMRC whose job is to check on the correctness of VAT returns .
VAT invoice	An invoice with a compulsory set of information given, by one VAT registered person to another, when supplying standard rated goods or services. VAT registered customers need a VAT invoice to reclaim, as input tax, the VAT charged to them.
VAT invoice	Invoice which shows VAT and meets the requirements of VAT regulations.
VAT leaflet	HMRC publication which gives guidance on a narrow area of VAT which is too specialised for a VAT notice . They are numbered as subsidiary to the VAT notice, in the form 700/9 (which deals with transfers of a going concern). VAT leaflets are available free from HMRC.
VAT lock	Provision for the period to the next general election after 2015 for VAT which: <ul style="list-style-type: none">• keeps the standard rate at no higher than 20%• keeps the reduce rate at no higher than 5%• bars the removal of an item from the scope of reduced rate• bars the removal of an item from the scope of zero rate. (Finance (No 2) Act 2015 s1(1)-(4)).
VAT lock period	Period from 18 November 2015 to the day before the next general election for which the VAT lock applies (Finance (No 2) Act 2015 s1(5)).
VAT notes	Free HMRC leaflet which is automatically issued with VAT returns to notify traders of recent changes in VAT law.

VAT notice	HMRC publication which gives guidance on a broad area of VAT. They have three-digit numbers starting with 7. The most important is the VAT Guide , number 700. More detailed points are covered in VAT leaflets . VAT notices are available free from HMRC.
VAT number	Unique nine-digit number which identifies a business which is registered for VAT. The number complies with an algorithm called the rule of 97 . The VAT number must be quoted on all invoices, VAT returns and correspondence about VAT.
VAT office	Office of HMRC where a person is registered for VAT.
VAT Online	An online service which will allow businesses to register for VAT, amend their registration details and submit VAT Returns and payments via the new HM Revenue & Customs website.
VAT Online Returns Service	A service where the customer can submit their VAT Returns electronically.
VAT on-line service for agents	Service for agents who submit VAT returns for clients. The agent must be registered with HMRC before being able to act. The agent need not be VAT-registered himself or herself.
VAT package	Term used for various European-wide changes in VAT law on 1 January 2010. These particularly relate to business-to-business supplies being taxed in the country of consumption rather than the country of supply.
VAT paid	Description of a figure where the VAT due has already been paid.
VAT period	Period for which a VAT return must be prepared. This is usually for three months but can be for one month or one year.
VAT provisions	In relation to overpaid VAT, means any Act, other form of legislation or HMRC notice (Value Added Tax 1994 s80(3C).

VAT rate	The rate at which VAT is charged on a supply.
VAT receivable	Account for businesses which routinely reclaim VAT, usually because their outputs are zero-rated.
VAT register	List of all businesses registered for VAT.
VAT-registered	Description of a business which is registered with HMRC for the purpose of charging value added tax (VAT) .
VAT registration	Process whereby a business is registered for VAT and given a registration number.
VAT representative	Person in the UK who acts for someone based overseas (Value Added Tax Act 1994 s48).
VAT return	A standard form completed at regular intervals by VAT registered businesses, to declare VAT. It is signed and sent to HMRC.
VAT return reminder	A VAT return reminder is sent by email to inform customers (or clients, if an Agent) that the VAT Online Return is due. This replaced the paper VAT return for VAT Online users.
VAT Returns for Agents Service	A service for Agents allowing them to submit their client's VAT Returns online.
VAT schemes wizard	HMRC-produced software that helps a registered VAT agent to decide which VAT schemes are most appropriate for a client.
VAT surcharge	Penalty for being late with a VAT return or payment (Value Added Tax Act 1994 s59). This is not deductible against trading profits for income tax (Income Tax (Trading And Other Income) Act 2005s54).
VAT that would have been chargeable	Term used in Value Added Tax Act 1994 s18E in relation to fiscal warehouses .

VAT value adjustment	<p>Figure used to calculate VAT on the delivery element of imported goods.</p> <p>VAT is charged on the whole cost of importing goods including the delivery charge to the UK address. As goods delivered next to airport have a lower UK delivery cost than those delivered hundreds of miles away, the delivery charge is calculated as the cost of delivery to the port plus an average figure for delivery within the UK.</p> <p>In 2015, sea freight had a charge of between £170 and £550. Airfreight had a minimum charge of £100.</p>
vatu	Currency of Vanuatu.
Vault, The	Name popularly given to the high security value of the Royal Mint that is permanently guarded by the military.
VBRA	Vehicle Builders and Repairers Association.
V-C	Vice-Chancellor.
VCLT	Vienna Convention on the Law of Treaties, adopted in 1969.
VCOAD	Voluntary Committee on Overseas Aid and Development.
V code	<p>Tax code for PAYE which has the suffix V.</p> <p>This code is abolished from 6 April 2009. It applied to taxpayers who were born before 6 April 1935 but who were not 75 by the end of the tax year. As all taxpayers born by 5 April 1935 were 75 by the end of the 2009/10 tax year, the V code became otiose.</p>
VCP	Vehicle Check Point.
VCR	Video cassette recorder.
VCRA	Violent Crime Reduction Act 2006.
VCT	Venture capital trust
VCT approval	Approval by HMRC that a company is a venture capital trust (Income Tax Act 2007 s259(2)).

VCT-in-liquidation	The tax provisions for a venture capital trust in liquidation are set out in Chapter 5 of Income Tax Act 2007, that is from s314. The term is fully defined in s320.
VCU	VAT Central Unit, part of HMRC responsible for sending out VAT Returns at regular intervals to all registered businesses, receiving back the completed returns and tax payments and for making repayments when they are due.
VDQS	Vin D�elimit�e Qualit�e Sup�erieure, French classification of fine wine.
VDR	Voyage data recorder.
VDT	Visual display terminal.
VDU	Visual display unit , of computer.
VE	(1) Term used in Income and Corporation Taxes Act 1988 s444ABB for calculating retained assets in determining profits for life assurance companies. It is determined by figures entered on Form 14 completed by such companies. (2) Vocational education. (3) Victory in Europe, celebration on 8 May 1945.
VED	Vehicle excise duty .
VEF	ISO code for Venezuelan bolivar.
vegetable fat	Means "a triglyceride of vegetable origin" (Hydrocarbon Oil Duties Act 1979 s23C(5)(d)).
vegetables	These are usually zero-rated as food. Vegetable oils may also be zero-rated "even if they are used as massage or cosmetic oils, provided they are of a type and grade suitable for culinary purposes, and they do not contain any substance, such as perfume, that would make them unsuitable for culinary use" (VAT notice 701/14).
vehicle	Any means of transport. Most law relates to motor vehicles, which are defined as mechanically propelled vehicles designed or adapted for use on the roads (Road Traffic Acts).

A passenger vehicle is exempt from capital gains tax (Taxation of Capital Gains Act 1992 s263).

vehicle adaptation

Change made to a vehicle, particularly one to allow a disabled person to drive it.

Vehicle and Operator Services Agency (VOSA)

Government body that oversees transport regulations.

vehicle excise duty (VED)

Tax charged for using a mechanical vehicle on a public road.

VED is paid in advance for 12 months or 4 months at a time. It is evidenced by a circular **tax disc** which must be displayed on the vehicle's windscreen. Obtaining the tax disc is also a check that the vehicle is insured and has a valid MOT certificate.

For vehicles first registered from 1 March 2001, VED is charged according to the amount of carbon dioxide it emits. There were seven bands indicated A to F, to which a seventh G was added from 23 March 2006. From 1 April 2009, there are 13 bands indicated by the letters A to M. From 1 April 2010, there is a higher rate of VED for the first year for the lowest four and highest six bands. This has been called the **showroom tax**.

vehicle group

Category of vehicle for some financial purpose. For example, in determining **AA running costs** of cars, there are five vehicle groups based on the original cost of the car.

vehicle identification number (VIN)

Unique number allocated by the **Driver and Vehicle Licensing Agency** to every vehicle allowed to be on the road.

vehicle identity

Defining characteristics of a vehicle. Repair does not change vehicle identity but modifications or significant rebuild can. A change of vehicle identity requires the vehicle to be re-registered.

vehicle identity check (VIC)

Scheme designed to prevent stolen or scrapped cars being resold.

vehicle registration

Process of recording a vehicle with the central register run by the **Driver and Vehicle Licensing Authority**. The

registration is indicated by the **number plate**. The registration to a particular individual is shown in the **registration certificate**.

vehicle scrappage scheme

Scheme which provides a sum to a person for scrapping an old car to buy a new one.

In the UK, the scheme was introduced from 1 June 2009. It paid £2,000 to anyone who scrapped a car at least ten years old and bought a new one. Of this, £1,000 came from the government and the other £1,000 had to come from the car dealer. The scheme was intended to help the troubled car industry and to promote more environmentally-friendly vehicles.

veil of incorporation

Rule that a limited company has a separate legal identity from its founder. This is a fundamental principle of **company law**. The case commonly cited is *Salomon v Salomon & Co [1897]* which provides a clear example of the principle already then well established. In some cases, the court may be prepared to **lift the veil of incorporation**.

vellum

Specially treated goatskin on which Acts of Parliament are traditionally printed. Two copies are so produced, one for the House of Lords and one for the Public Records Office. These contain vellum Acts from 1497. Private Acts have been printed on archive paper since 1956. On 2 November 2015, it was decided that the Public Records Office copy of all Acts may also be printed on archive paper.

Veltema

A case on the powers of HMRC regarding a **discovery assessment**.

A taxpayer was liable to tax on the value of a property transferred to him from a company which was professionally value at £100,000. This was disclosed on the tax return and was not challenged.

The company submitted its return showing the same valuation, but this time it was challenged as a discovery assessment after the deadline for an ordinary assessment. The value was eventually agreed at £145,000.

The taxpayer appealed on the grounds that there was nothing to discover as the amount had already been

disclosed. The matter depended on whether the inspector could be "reasonably aware" of an insufficiency on a return. In this case, the Court of Appeal held that the inspector could not be so aware, so the discovery assessment was allowed.

The full citation is *Langham v Veltema* [2004] 76 TC 259.

HMRC's view was subsequently set out in statement of practice SP1/06.

Ven

Venerable, title of an archdeacon.

vending machine

Machine that sells goods on insertion of sufficient coins. Modern machines may also give change.

The presence of a machine creates a **unilateral contract** when used by a purchaser.

For VAT, a person who allows a vending machine on their premises is regarded as making a standard-rated supply of services. It is not a zero-rated supply of use of land unless the contract specifies the exact area for the machine.

For a supply of food and drink, a vending machine is regarded as a supply of catering for consumption on the premises where the machine is situated. *Burnham Radio Recreational & Welfare Club* [1977] VTD 518. and *Macklin Services (Vending) West Ltd* [1979] VTD 688.

In accounting, the cash and goods held in a machine are part of the cash and stock of a business on balance sheet date.

Such a machine is specifically excluded from the scope of **amusement machine licence duty**.

venditioni exponas

Latin: that you expose for sale. An old writ that may be sought by a sheriff who has seized goods that cannot be sold for the price expected.

vendor

Seller, particularly of land.

vendue

American term once used to mean an auction.

Venezuela

South American country. Its currency is the bolivar fuerte of 100 céntimos. The UK has a double taxation agreement of 1996.

venire de novo	Writ issued by a court to a lower court requiring its erroneous verdict to be vacated and for the matter to be retried.
venire facias	Latin: cause to come. An old writ requiring the sheriff to assemble a jury.
ventilation	<p>Value added tax</p> <p>For VAT, a supply of ventilation is treated as a supply of goods (Value Added Tax Act 1994 Sch 4 para 3). As such, supplies for residential use are generally reduced-rated under ibid Sch 7A Group 1, but standard-rated for other supplies. Details are given in VAT notice 701/19.</p> <p>Capital allowances</p> <p>For capital allowances, this may qualify as a feature integral to a building (Capital Allowances Act 2001 s33A).</p>
Vento rules	<p>Rules formulated by the Court of Appeal on how to determine compensation for injured feelings in employment cases. The name comes from the case <i>Vento v Chief Constable of West Yorkshire Police</i>.</p> <p>The guidance is broadly that:</p> <ul style="list-style-type: none">• the top band of between £15,000 and £25,000 should be awarded for the most serious cases, such as a length campaign of discriminatory harassment• the middle band of between £5,000 and £15,000 should be awarded for serious cases that do not merit an award in the top band• the lowest band of between £500 and £5,000 is appropriate for less serious cases, such as where the act of discrimination is an isolated instance. <p>In the Vento case, the employee had been subjected to “four traumatic years” of bullying that led to clinical depression. The tribunal awarded her £50,000 but the court reduced this to £18,000.</p>
venture	Commercial enterprise.
venture capital	Money invested in a venture .
venture capital trust (VCT)	Form of tax-advantaged vehicle for investment in companies. It is defined in Income Tax Act 2007 s259(1) as being not a close company which is approved as a VCT

by HMRC.

The scheme allows immediate tax relief equal to 30% of the sum invested (this was 40% for 2004/05 to 2005/06, and 20% previously). Also, capital gains tax liabilities may be rolled over.

The shares must be held for five years (three years before 6 April 2006).

The VCT must be quoted on the Stock Exchange, invest at least 70% of its funds in unquoted companies, invest at least 30% of its funds in new unquoted companies, and invest no more than 15% of its funds in any one company. There are other conditions.

Capital gains tax law is contained in Taxation of Capital Gains Act 1992 from s151A.

Specific provisions for the taxation of the trust itself are given in Corporation Tax Act 2009 s396.

- venturer** "A party to a **joint venture** that has joint control over that joint venture" (FRS 102 glossary).
- venue** In law, a place where a trial or hearing is to take place. There are rules about where the venue must be.
- VERA** Vehicle Excise and Registration Act 1994.
- vera causa** Latin: true cause.
- verba accipienda sunt speculum subjectam materiem**
Latin: words are to be interpreted in accordance with the subject matter.
- verba chartarum forties accipiuntur contra proferentem**
Latin: the words of deeds are to be interpreted most strongly against him who uses them.
- verba cum effectu accipienda sunt**
Latin: words are to be interpreted in such a way as to give them some effect.
- verba forties accipiuntur contra proferentum**
Latin: words must be construed against those who use them.

verba generalia restringuntur ad habilitatem rei vel aptitudinem personae

Latin: general words are restricted to the nature of the subject matter or the aptitude of the person.

verba intentioni, non e contra, debent inservire

Latin: words ought to be made subservient to the intent, and not the other way round.

verba ita sunt intelligenda ut res magis valeat quam pereat

Latin: words are to be understood that the object may be carried out and not fail.

verballing

Colloquial term for a statement adduced in evidence which has not been freely given by the witness but has been written for him by the police or other investigating or prosecuting authority. The commonest example is the **drainpipe admission**.

verba relata hoc maxime operantur per referentiam ut in eis inesse videntur

Latin: words to which reference is made in an instrument have the same operation as if they were inserted in the instrument referring to them.

verbatim et litteratim

Latin: word for word, and letter for letter.

verbum sapientis sat est

Latin: a word to the wise is enough.

verderer

An official having legal authority in a forest.

verdict

Answer of a jury on a question of fact.

Verify

System used on government software which allows an individual to confirm their identity and be given passwords that make accessing government services easier.

The procedure was extended to tax in 2015.

vermin

A local authority may not make any charge if they compel a person infested with vermin to be cleansed or have their clothes cleansed using the authority's equipment (if any). (Cleansing of Persons Act 1897 s1).

vermouth

Blended alcoholic liquor. If it has used the same name from before 4 May 1932, it is exempt from some

	provisions of Alcoholic Liquor Duties Act 1979 s71(2)(b).
Vern	Vernon's Reports, Chancery law reports published from 1680 to 1719.
versus (v)	Against. The term is used in citations of law reports to identify the parties.
vertical communication	Communication between different levels of staff, such as from senior to junior staff.
vertical equity	Principle that people with different incomes should pay different amounts of tax.
vertical form	Layout of a balance sheet which lists the assets and liabilities <i>above</i> the funds which it represents, rather than beside them.
vertical integration	Another term for backward integration .
vertical search	In computing, a form of search engine that concentrates on a specific segment of web content, such as mode of content or subject matter.
Ves Jun	Vesey's junior Chancery Reports, law reports published from 1789 to 1817.
vessel	For oil duty, "includes any tank or container for storing oil and any still or utensils in which oil may be processed" (Hydrocarbon Oil Regulations SI 1973 No 1311 reg 2).
vest	(1) Deliver to a person the full possession of land, and so clothe him with its legal estate. (2) For accounting, "become an entitlement. Under a share-based payment arrangement, a counterparty's right to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions" (FRS 102 glossary).
vest bag	Term sometimes used by a supermarket for a single use carrier bag . So called because it looks a little like the garment vest.

vested benefits	“Benefits, the rights to which, under the conditions of a retirement benefit plan, are not conditional on continued employment” (FRS 102 glossary).
vested interest	Special interest in keeping an existing state of affairs.
vested rights	For pensions, rights given to different classes of member.
vesting	Legal process by which ownership is transferred, such as in bankruptcy.
vesting assent	Instrument whereby a personal representative vests land in a tenant for life under Settled Land Act 1925 s117(1).
vesting date	Term used in relation to disguised remuneration (Income Tax (Earnings And Pensions) Act 2003 s554H(1)(c)).
vesting declaration	Declaration made by an appointor in a deed appointing new trustees. The declaration states that property is to be vested in the trustees.
vesting deed	Deed that includes a vesting declaration .
vesting order	Court order vesting property in a person stated. This commonly happens when trustees are unwilling or unable to act in such a capacity. Under company law, a court may make such an order when a claim is made by a person against disclaimed property of a struck off company (Companies Act 2006 s1017).
vestry	Historically, the meeting of a parish to discuss matters of civil interest. Such meetings are now largely replaced by various forms of local council. The term remains for a room in the church.
Vet MB	Bachelor of Veterinary Medicine.
veto	The right to block a decision. The word is Latin for “I forbid”.
vexatious litigant	Person who repeatedly brings legal actions. It is possible to get an order against such a person who must then obtain permission from the court before commencing any

	further legal actions.
VHCC	Very High Cost Case.
VHR	Veterinary Homeopathic Remedy.
VI	(1) Virgin Islands. (2) Roman numeral for 6.
viaduct	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
VIC	Vehicle identity check.
vicarious liability	When one person is legally held liable for the actions of another. An employer can be vicariously liable for actions of an employee, an agent for a principal, and a parent for a child.
vice tax	Colloquial name for a sumptuary tax on a product or service that is seen as harmful or socially undesirable. Examples include excise duty on alcohol and tobacco.
vice versa	Latin: change turned. The reverse to the position just mentioned.
vicious circle	Situation in which the solution of one problem creates another.
Vickers Report	Report produced in 2011 on banking by Independent Commission on Banking , following the banking crisis of 2008. The report's main recommendation was that banks should ring-fence domestic retail banking from riskier forms of banking.
victim of theft	Such a person has the right to object to his stolen property being sold under a recovery order against a criminal (Proceeds of Crime Act 2002 s281).
Victims' Information Service (VIS)	Government scheme launched in 2015 to assist victims of

serious crime.

Victim's Right to Review (VRR) Scheme established by the Crown Prosecution Service.

It applies to decisions made from 5 June 2013, following comments made by the judge in the case *R v Christopher Killick [2011] EWCA Crim 1608*. Such a scheme is also required by Article 11 of the European Directive on the rights of victims of crime.

Decisions are made under the Victims' Code of 10 December 2013.

Victoria

Queen of Great Britain from 1837 to 1901.

Victoria Cross

Award for bravery. Payments of pension or annuity in respect of the award are free of income tax (Income Tax (Earnings And Pensions) Act 2003 s638).

vide

Latin: see.

videlicet (viz)

Latin: that is to say.

video equipment

For VAT on **charity funded equipment**, "includes video recording and playback equipment" (VAT notice 701/6).

video evidence

When evidence is presented in court by means of a pre-recorded interview on video tape or similar (Criminal Justice Act 2003 s137).

video games machine

For VAT purposes, this is regarded as an **amusement machine** (VAT notice 701/13).

video games tax relief

Relief introduced in 2010 to provide similar tax relief for British video games as for British films. The relief was scrapped on a change of government.

video machine

A machine that plays video recordings rather than video games is exempt from **amusement machine licence duty**.

video production

VAT flat rate scheme

Under the VAT flat rate scheme, the appropriate percentage is generally:

From	Percentage
4 January 2011	13%

1 January 2010	11.5%
1 December 2008	9.5%
1 January 2004	10.5%

video relay service (VRS) Facility where people may communicate via video link. The Department of Work and Pensions launched a VRS on 15 January 2016 so that deaf people can communicate using British Sign Language.

Vienna Convention

Diplomatic relations

Vienna Convention on Diplomatic Relations signed in 1961.

In the UK, the convention is implemented by Diplomatic Privileges Act 1964. Goods and services provided to those with diplomatic immunity are exempt from duties and tax.

The Convention is given as Sch 1 of the Act. The immunity from taxation is given in Article 23.

Treaties

(2) Vienna Convention on the Law of Treaties 1969.

This requires treaties to be interpreted in good faith in accordance with the ordinary meaning of words used, in the light of their context and the object and purpose of the treaty.

VIES

VAT Information and Exchange System - an intra European Union (EU) system for providing information about sales made by traders within the EU based on lists supplied by the traders to their own authorities.

vi et armis

Latin: with force and arms, a term used to mean trespass.

Vietnam

Eastern country. Its currency is the dong of 10 ho or 100 xu. The UK has a double taxation agreement of 1994.

view to resale

In accounting, acquisition of a subsidiary with a view to reselling it within one year (FRS 2).

Such a subsidiary does not have to be consolidated in the **group accounts**.

vigilantibus, non dormientibus, jura subveniunt

Latin: the laws give help to those who are watchful and not to those who sleep.

village hall

Provisions of facilities at a village hall may meet the conditions of a recreational trust as set out in Charities Act 2011 s3(4)(a).

vin

French: wine.

VIN

Vehicle identification number

vinegarisation

Process of turning alcoholic drink to vinegar. It is one of the methods of destruction of liquor and permits a refund of excise duty.

vinegar-maker

Such a person is exempt from some of the legal restrictions of manufacturing spirits without a licence (Alcoholic Liquor Duties Act 1979 s25).

vingt-et-un

This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of **gaming licence duty**.

violent profits

In Scots law, rents or profits of an estate obtained by a tenant wrongfully holding over, after warning and recoverable in process of removing at double the actual rate for urban land and at the highest possible yield for rural land.

VIP

Very important person.

VIR

Vulcanised India rubber.

vir et uxor censentur in lege una persona

Latin: husband and wife are considered one person in law.

virgate

Old measure of land of about 30 acres.

virgin territory

Colloquial term for an area where a business does not yet operate.

- virtually** Term used frequently in tax law to qualify “all” or “none”, or equivalent terms. Its meaning is to disallow only a very small amount. So someone has “virtually no benefit” if the actual benefit is trivial.
- The matter was expressed by Lord Hoffman in relation to gifts with reservation in *Ingram* as: “for one thing, it is in one sense a penal section. Not only may you not have your cake and eat it, but if you eat more than a few de minimis crumbs of what was given, you are deemed for tax purposes to have eaten the lot”.
- virtually to the exclusion of** Term used in inheritance tax in relation to **gifts with reservation (GWR)**, where it is a condition that the gift is to the exclusion or “virtually the entire exclusion” of benefit to the donor to avoid the GWR provisions. HMRC has stated that this means that the benefit to the donor is “small”.
- Where a donor has given a house to a donee, HMRC accepts that there is no GWR if the donor subsequently:
- stays with the donee for up to two weeks a year;
 - stays at the house without the donee for up to one month a year;
 - makes purely social visits staying for one night;
 - stays for a temporary reason, such as for medical care or convalescence (of either donor or donee);
 - stays for a domestic reason, such as baby-sitting;
 - visits up to five times a year to use the library.
- Other examples include using a donated motor car no more than three times a month, or using donated land to ride a horse or exercise a dog but not so as to restrict the donee’s use.
- virtual organisation** Management term for an organisation structure seen from its technology rather than people.
- virtus post nummos** Latin: virtue after money (quote from Horace).
- virus** Malicious program whose purpose is to damage computer data or obstruct the operation of the computer.

VIS	Victims' Information Service.
Visegrad Countries	A group of countries, comprising: Czech Republic; Hungary; Poland and Slovakia.
vis inertiae	Latin: the power of inactivity.
vision print	Photographic record of a document. Vision prints are made of all paper VAT returns and may be submitted as evidence when a paper copy is no longer available.
visit by VAT officers	Routine visits to check VAT returns and supporting records. Their conduct is discussed in VAT notice 700.
visiting forces	A body, contingent or attachment of the armed forces of another country, stationed in the UK on the invitation of the British Government. They are generally exempt from UK income tax. The provisions are set out in Income Tax Act 2007 s833. Their accommodation is specifically excluded from council tax.
visiting performer	Entertainer or sports person who is non-resident in a tax year but visits the UK and earns income (Income Tax (Trading And Other Income) Act 2005s13).
vis major	Irresistible force such as earthquake. It is an excepted peril in a contract of marine insurance.
viz	Abbreviation of videlicet , Latin for "that is to say".
VJ	Voluntary jurisdiction.
VJ Day	Victory over Japan in the second world war, celebrated on 15 August 1945.
VL32	Term used in Income and Corporation Taxes Act 1988 s444ABB in relation life assurance companies. It refers to the figure entered in line 32 on Form 40 completed by such companies.
VLO	Valuation Liaison Officer.

VLR	Victorian Law Reports, published from 1875 to 1956.
VMD	Veterinary Medicines Directorate.
VND	ISO code for Vietnamese dong.
VO	Veterinary officer.
VOA	Valuation Office Agency.
vocation	<p>For income tax purposes, how “a person passes his or her life and indicates a calling, although not necessarily one related to religion or high-minded service to others. A bookmaker and a jockey have been held to engage in vocations and authors, dramatists and professional singers have all been dealt with by the Courts on the basis that they carried on vocations.” (Inspectors’ Manual BIM14090).</p> <p>Vocation “means the way in which a person passes his life” (<i>Denman J in Partridge v Mallandaine [1896] 2 TC 179</i>).</p>
vocational training	<p>From 6 April 1992 to 5 April 2000, a taxpayer could claim tax relief for vocational training. This was subject to many conditions, particularly that it should lead to an NVQ qualification or Scottish equivalent. From 6 April 1999, tax relief was restricted to the basic rate of income tax.</p>
Voice over Internet Protocol (VoIP)	<p>Protocol that allows spoken telephony over the Internet by Skype or similar provider.</p> <p>The provision of such a service comes within the scope of the reverse charge for the VAT place of supply rules from 1 January 2015.</p>
void	<p>Of no legal effect. Such a contract is regarded as never having happened. Any consideration provided must be returned.</p>
voidable	<p>Agreement or other act which one party may choose to make void. Until such an election has been made, the agreement remains legally valid.</p>

voidable marriage	<p>Marriage which could be declared invalid, usually because there has been no consummation.</p> <p>Such a declaration is regarded as an annulment which means that the marriage is regarded as never having existed. However, for the purposes of tax and benefits, the marriage is regarded as having existed until the date of annulment.</p>
void legacy	<p>Legacy that cannot legally be effected.</p>
void marriage	<p>Marriage which is invalid because at least one of the partners was not able to marry (such as being under age, already married or closely related to the other person).</p>
void period	<p>Period in which something did not happen, such as an unoccupied rented property.</p>
voiding key	<p>Provision in an EPOS system whereby a transaction can be cancelled such as when a check-out operator makes a mistake while checking out goods.</p>
VoIP	Voice over Internet Protocol.
vol	<p>Volume, as in a published work.</p>
volatility	<p>The degree by which share prices in a particular stock market or sector go up or down. Usually measured by the movement in a particular index.</p>
voldis	<p>Volume discount.</p>
volenti non fit injuria	<p>Latin: that to which a man consents cannot be considered an injury.</p> <p>This is the principle that a person may assent to injury or risk, but not to their death.</p>
Volstead Act	<p>In the USA, the National Prohibition Act that became the 18th amendment to the US constitution. It prohibited liquor between 1920 and 1933 when repealed by the 21st amendment.</p>
volume	<p>Quantity.</p>

Volume Crime	Not a technical term but normally refers to high incidence vehicle crime, burglary and in some areas robbery.
volume discount	Discount which is provided by a supplier to a customer who buys a large quantity.
volume of output	Number or amount of goods produced.
volume variance	Variance between the actual quantity of goods produced and the budgeted quantity.
voluntary	Description of something done either out of free will or without payment.
voluntary annual payment	Voluntary payment made to a former employee. It is similar in nature to a pension and is broadly taxed as one (Income Tax (Earnings And Pensions) Act 2003 from s633).
voluntary arrangement	<p>In insolvency, an arrangement made by an individual or by the directors of a company to creditors. Typically such an agreement includes payment of part of the debts by a stated date.</p> <p>Provisions for such arrangements are set out in Insolvency Act 1986 from s1.</p>
voluntary conveyance	Conveyance of property other than for valuable consideration (Law of Property Act 1925 s173).
voluntary deduction from pay	<p>A deduction from wages or salary which the employee has authorised. Such deductions are often made to repay a loan, for trade union dues or a subscription to a social club.</p> <p>The authorisation must be made <i>before</i> the event which causes the deductions. In the case <i>Discount Tobacco & Confectionery Ltd v Williamson [1993]</i>, the Employment Appeal Tribunal held that an agreement to repay a deficiency of cash was unlawful deduction from wages as the agreement was made after the deficiency arose. The employer should bring proceedings in the county court.</p> <p>An involuntary deduction is not permissible under Employment Rights Act 1996. It should be noted that an</p>

employer may not deduct a sum from wages just because the employee owes a sum to the employer. An employee may appeal to the employment tribunal against an **unlawful deduction from wages**, even if the sum is owed by the employee to employer.

The authorisation must be genuinely voluntary. In the case *Fairfield Ltd v Skinner EAT [1992]*, the Employment Appeal Tribunal held that it could look behind the ostensible reason to see if the authorisation really was voluntary.

voluntary deregistration

When a business chooses to have its VAT registration cancelled.

A business must have a turnover below the **deregistration threshold** which is different from the registration threshold.

voluntary direct payment

When an employee elects to pay HMRC directly for an underpayment of tax that arose under the PAYE system.

This is an alternative to **coding out** that HMRC may otherwise use.

voluntary disclosure

A way of correcting errors discovered on a previous tax return.

The position of a tax adviser in relation to such disclosure is set out in Professional Conduct in Relation to Taxation from para 7.1.

voluntary hospital

“Means an institution (not being an institution which is carried on for profit or which is maintained wholly or mainly at the expense of the rates or which is vested in an NHS trust or which is vested in the Secretary of State which provides medical or surgical treatment for in-patients” (Voluntary Hospitals (Paying Patients) Act 1936 s1 as amended).

voluntary liquidation

Liquidation started by a resolution of its shareholders.

voluntary mutual

Popular name for a mutual health insurer. Their tax treatment is discussed in the Inspectors' Manual at BIM24685.

voluntary or community body

For the purposes of **business activities** for the **business impact target**, this term is defined in Small Business,

Enterprise and Employment Act 2015 s27(5).

voluntary redundancy When an employee agrees to be made redundant from his work, usually on the basis of a generous package.

voluntary registration When a person or business chooses to register, particularly when a business registers for VAT even though its turnover is below the registration threshold.

voluntary revision of accounts In company law, procedure whereby the directors of a company may issue accounts to replace those already published (Companies Act 2006 s454).

Such a revision is confined to correcting the accounts to the extent that they did not previously comply with company law or accounting standards.

voluntary scheme Pension or other benefit scheme in which the members choose the extent and levels of benefits provided. These are normally schemes in which members pay the contributions or premiums. For example, a trade union or other affinity group may offer membership of a scheme providing life assurance cover.

voluntary severance For public pensions, means "any other loss of office or employment" that is not **compulsory severance** (Superannuation Act 2010 s3(6)(b)).

voluntary striking off When a company itself requests that it be removed from the register at Companies House. The procedure is set out in Companies Act 2006 s1003.

voluntary unemployment The situation that exists when people have chosen not to work because they do not feel that wages at the existing equilibrium are high enough to justify them working. They may prefer instead to receive benefits.

Classical economists argued that any unemployment remaining in the long-term would be voluntary as the economy would automatically tend towards full-employment. The level of voluntary unemployment is shown in the diagram below: The actual supply represents those people who are willing to work at the existing wage, whereas the potential is all those of working age who are available to work. The distance

shown by the arrow between the two represents voluntary unemployment - those who have chosen not to work at the equilibrium wage.

voluntary winding-up

Winding-up of a company started by its shareholders.

voluntary worker

Someone who works for no payment, usually for a church, charity or non-profit-making body.

There are some special provisions which relate to voluntary workers.

They are not covered by Health and Safety at Work Act 1974, which only applies to employees.

They do not have to be paid the **national minimum wage (NMW)**. They can be paid reimbursement of expenses. It should be noted that a person cannot agree to be paid less than the NMW; they are either paid the NMW or nothing.

voluntas testatoris est ambulatoria usque ad extremum vitae exitum

Latin: the will of a testator is ambulatory (changeable) down to the very end of life.

volunteer

Someone who agrees to work for an organisation without payment. Such a person must be covered by public accident insurance, and may be paid only genuine expenses.

volunteer reserve force

"The Royal Navy Reserve, the Royal Marines Reserve, the Territorial Army or the Royal Auxiliary Air Force" (Armed Forces Act 2006 s374).

VOSA

Vehicle and Operator Services Agency.

VOSS

Voluntary Organisation for Social Services.

vote

Right to influence a decision by expressing a preference and having it considered with others who vote.

Company law has many provisions regarding votes by shareholders. Usually the votes cast reflects the number of shares held, so someone with more than 50% of the shares can always outvote other shareholders.

Although it is for each organisation to determine its own rules for voting, the usual convention is that change requires a positive vote. So an equal vote means that the

motion or proposition is lost.

vote coins

Proposed form of electronic currency under which users could "spend" their coins to express views on government policies.

voting rights

The right of someone to vote, such as a shareholder in a company.

In the context of a **takeover bid**, the term is defined as "rights to vote at general meetings of the company in question, including rights that arise only in certain circumstances" (Companies Act 2006 s953(9)).

voting rights in an undertaking

"Rights conferred on shareholders in respect of their shares, or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters. Schedule 10A [of Companies Act 1985] deals with the attribution of voting rights in certain circumstances" (FRS 2 para 17).

voting shares

"Means shares carrying voting rights" (Companies Act 2006 s971(1)).

Although this definition refers only to takeovers, it is difficult to see how it could have a different meaning in other contexts.

voucher

Any document which gives details of a financial transaction.

There are special VAT provisions for face-value vouchers in Value Added Tax Act 1994 Sch 10A.

A VAT tribunal has ruled that a book of vouchers is not a zero-rated book but a supply of services (*Graham Leisure Ltd [1981] VTD 1304*).

vox et praetera nihil

Latin: a voice and nothing more. The term means empty words that signify nothing.

VP

Vice president.

VPRS

Voluntary Price Regulation Scheme.

VR	(1) Victorian Reports, law reports published from 1870 to 1872, and from 1957. (2) Queen Victoria. (3) Expression used in the formula for unauthorised member payments in Finance Act 2004 s210(9).
VRN	VAT Registration Number, a unique number allocated to a business on registration for VAT.
VRR	(1) Victim's Right to Review. (2) Vaccine research relief.
VRS	(1) Video rating system. (2) Video relay system.
VRU	Vapour recovery unit.
VSO	Voluntary Services Organisation.
VSS	Victim Support Scheme.
VSU	Voluntary Service Unit.
VT	Value transferred, as used in the formula in Taxation of Capital Gains Act 1992 Sch 4B para 11(2). The same abbreviation is used for the value transferred under residence nil-rate band for inheritance tax in Inheritance Tax Act 1984 s8D as inserted by Finance (No 2) Act 2015 s9(4).
Vt	Vermont, US state.
VTC	Vocational training centre.
VTL	Abbreviation used in Income and Corporation Taxes Act 1988 s444ABB in relation to the taxation of life assurance companies. It relates to the reserves on a transfer of business.
VTR	Video tape recorder.
VUV	ISO code for Vanuatu vanu.

VVs Varicose veins. Common abbreviation for sick notes (HMRC leaflet E14).

W

W *National insurance*
National insurance contribution letter for ocean-going mariners who are over state pension age.

Other meanings

- (1) Series of forms that must be used for excise duty purposes. For example, form W21 is the **quarterly distillery return**.
- (2) Symbol for watts, the unit of power.
- (3) West.
- (4) For **pool betting duty**, the amount paid in winnings.
- (5) Abbreviation used to denote a worker, such as in Income Tax Act 2007 s46A.

W5000 **Wilshire 5000**, American share index.

WA (1) West Africa.
(2) Western Australia.

wad Roll of bank notes.

wadiah Safe-keeping of valuables, as permitted under **Islamic financing**.

WAES Workshop on Alternative Energy Strategy.

wafers For VAT purposes, wafers are zero-rated as food unless sold with ice cream when they are standard-rated (VAT notice 701/14).

waffle cone Product similar to an ice cream cone but lined with chocolate. It is not eaten on their own but filled with ice cream or a similar product.
The VAT tribunal held that they were not biscuits as they were not intended to be eaten on their own (*Marcantonio Foods Ltd. VTD 15486 [1997]*).

wage premium	Economic term for any factor that allows a person to earn a higher wage. Examples include greater education, skill, reputation, strength etc.
wager	<p>Promise to pay money on the outcome of an uncertain event.</p> <p>A wager cannot be the basis of a legal contract under English law.</p>
wages	<p>This term includes wages and salaries and similar payments whatever they are called.</p> <p>It also includes bonuses, commissions, holiday pay, statutory sick pay, statutory maternity pay, statutory paternity pay, statutory adoption pay, guarantee payments, payments made under various employment laws, and payments made under an order for reinstatement or re-engagement (Employment Rights Act 1996 s27(2)).</p>
wages cost	Cost of paying employees. This figure comprises the gross pay of employees plus such direct costs as employers' national insurance, employer's contributions to occupational pension scheme and the cost of providing benefits in kind. This cost is often the largest expense in an organisation.
wages councils	Bodies originally established by Trade Boards Act 1909 to ensure that workers were not exploited by low wages. Their scope was considerably extended in 1945. Their powers were restricted in 1986 before being abolished in 1993. Since 1999, the issue of low pay has been addressed by the national minimum wage .
wage effect	Economic term for the consequences in wages of a change in policy, such as demands for higher wages when income tax rises.
wages fund theory	In economics, a theory that a country only has a finite amount of money to pay wages, so the function of government is to determine an equitable apportionment. This theory has long been discredited as it ignores the ability of a worker to create wealth.

wages payable	Account for the amount payable in wages and salaries. It is a credit balance which is usually debited to zero when payment is made.
wages policy	Policy an organisation adopts with regard to wages and salaries for its employees.
waifs	Stolen goods thrown away by a fleeing thief.
wait and see	<p>Term used for the new rules of perpetuities introduced in 1964.</p> <p>Under the previous common law rules, a gift in a will to “the first of my children to become a doctor” is void at common law (unless any child was already a doctor at the time of the testator’s death). The common law period was the lifetime of the settlor plus 21 years. It is possible that a child would become a doctor after that period, or indeed that no child would become a doctor. The 80-year rule introduced in 1964 allowed the opportunity to see if property could vest within the stated period.</p>
waiter	Person who attends to customers in a restaurant. Originally the term also meant a watchman or Customs officer, whose duties included waiting for something to happen.
waiting day (WD)	<p>Day at the start of a period for which a social security benefit is not payable.</p> <p>There are three waiting days for statutory sick pay and for employment support allowance. This means that the benefit is payable from the fourth day.</p> <p>There are usually seven waiting days for universal credit.</p>
waiting list fee	<p>Fee payable to an organisation to go on a waiting list for membership.</p> <p>For VAT, such a payment is exempt if:</p> <ul style="list-style-type: none">• it is deducted from the first subscription or joining fee,• the subscription is exempt from VAT, or• it is refunded if the candidate is declined membership. <p>Otherwise the fee is regarded as part of the</p>

organisation's income.

waiting period

(1) In connection with civil partnerships, means at least 15 days from when a notice of proposed partnership is issued to when it may be registered (Civil Partnership Act 2004 s11).

(2) In connection with **income protection insurance**, means the length of time from losing one's income to when the policy starts payments. The longer the period, the lower the premium. Most policies have a waiting period of at least four weeks. The period can be as long as 12 months.

waive

Unilaterally abandon a right or benefit.

waiver

A unilateral abandonment of a right.

In insurance, it usually means an agreement by an insurer to eliminate a specified pre-existing physical condition or specified hazard.

waiver clause

In marine insurance, a clause in the policy that measures taken by the insurers or underwriters to save, protect or recover the insured items is not a waiver or abandonment of rights, and does not prejudice the rights or interests of any party.

waiver of debt

Excusing a debt for reasons other than the financial position of the debtor.

Such a waiver is not a **bad debt** and usually is not tax-deductible. The matter is discussed in the Inspectors' Manual at BIM 42710.

waiver of dividends

Such a waiver in the 12 months before a dividend is declared means that the dividend is not regarded as a transfer of value for inheritance tax purposes (Inheritance Tax Act 1984 s15).

waiver of premium

A provision that sets certain conditions under which an insurance policy will be kept in full force by the company without the payment of premiums.

waiver of remuneration

When a director or employee decides not to accept payment due to him or her for employment work done.

Amounts so waived are not included in the value of

a **person's estate** for inheritance tax purposes (Inheritance Tax Act 1984 s14).

wakf

Alternative spelling of **waqf**.

Wales

The principality that adjoins England to form England and Wales or Britain.

walk

Old excise term for a brewery or group of breweries. Four excise officers known as gaugers were assigned to a walk. Each officer worked for six hours, providing 24-hour inspection for every brewery.

walking possession

When a bailiff "seizes" goods but allows a person to retain use of them until the debt is paid.

When such goods relate to security for VAT, a breach of a walking possession agreement is a specific offence under Value Added Tax 1994 s68.

walking possession agreement

For VAT, "means an agreement under which, in consideration of the property distrained upon being allowed to remain in the custody of the person in default and of the delaying of its sale, the person in default —

- (a) acknowledges that the property specified in the agreement is under distraint and held in walking possession, and
- (b) undertakes that, except with the consent of the Commissioners and subject to such conditions as they may impose, he will not remove or allow the removal of any of the specified property from the premises named in the agreement"

(Value Added Tax 1994 s68(2)).

Wallace, Ian

Scottish Liberal Democrat politician (1954) who acted as First Minister of Scotland for brief periods in 2001 and 2002.

wallah

Indian term taken into English for a person employed without specified duties.

wall chart

This item is not regarded as a map or chart for VAT purposes, and is therefore not zero-rated under Value Added Tax Act 1994 Sch 8 Group 3. Further details are

given in VAT notice 701/10.

walled garden

Marketing term for area of services on interactive advertisements transmitted on digital television. This area requires the viewer to take some action, such as pressing the red button on the remote control.

wall panelling

For tax, the case *JD Wetherspoon plc v HMRC [2008] SpC 657* held that wall panelling in a pub was not plant. This issue was debated at length, implying that similar items could be held to be plant. The deciding factor in this case was that the panelling was not exceptional.

Wall Street

New York Stock Exchange, from the name of the road in Manhattan where it is located.

WAN

Wide Area Network.

waqf

An inalienable religious endowment under **Sharia** law. [It is also spelled wakf.]

walls

Not surprisingly, these are regarded as part of a building (Capital Allowances Act 2001 s21(3) List A).

walrus

The import of the fur or other products of such animals is generally prohibited from 20 August 2010.

W and M

William and Mary.

wampum

Shell beads used as a currency by North American Indians.

war

State of hostilities between two nations. Such a state has many legal consequences.

war damage

A bailor or bailee of goods is relieved of responsibilities to insure, repair, replace or restore goods that suffer war damage (Liability of War Damage (Miscellaneous Provisions) Act 1939 s1).

Duty is refundable on goods destroyed by war damage (ibid s5).

war disablement pension	For pension credit, this is defined in State Pension Credit Act 2002 s17(1).
ward of court	Minor who is under the control of a court.
warehouse	<p>A place approved by HM Customs and Excise for the storage of goods without the payment of certain duties or taxes which would normally be due on those goods. The main types of warehouse are Customs Warehouses; Excise Warehouses; and Customs and Excise Warehouses.</p> <p>The application for VAT is given in Value Added Tax Act 1994 s18.</p>
warehouse capacity	Amount of space available in a warehouse .
warehoused goods	Goods placed under the customs warehousing arrangements.
warehouse receipt	Document signed by a warehousekeeper certifying the ownership of goods in the warehouse.
warehouse vat	Spirits receiver that has been approved by HMRC as a place where spirits may be stored as well as manufactured. If a vat is not so approved, all spirits must be removed before a fresh manufacture starts.
warehousing fulfilment	Service of providing warehouse and despatch services, as offered by many businesses including Royal Mail.
warehousing system	<p>Arrangement agreed with HMRC or Customs which allows goods to be stored in a warehouse before duty or VAT is paid.</p> <p>The VAT provisions are given in Value Added Tax Act 1994 s18.</p>
war injury	Payment may be made under Personal Injuries (Emergency Provisions) Act 1939 s1.
Warks	Warwickshire.
war loan	Government gilt issued to provide funds to pay for a war.

War Office	Department of the civil service which became the Ministry of Defence in 1964.
war orphan	Child who is “suffering from neglect or want of proper care” as a result of the death of a parent from 3 September 1939. The Minister of Pensions (now Department of Work and Pensions) has a duty to provide for such a child until he or she reaches the age of 21. These provisions are contained in War Orphans Act 1942 which appears to be unrepealed.
war pension	State pension paid to the dependants of someone killed or injured on military service.
warrant	<p>Security</p> <p>A security issued by a company, allowing you the right to acquire ordinary shares.</p> <p>“An instrument that requires the issuer to issue shares (whether contingently or not) and contains no obligation for the issuer to transfer economic benefits” (FRS 4 para 17).</p> <p>Derivatives</p> <p>The term “means an instrument which entitles the holder to subscribe for —</p> <ul style="list-style-type: none">(a) shares in a company, or(b) assets representing a loan relationship of a company.”<p>(Corporation Tax Act 2009 s710).</p><p>Court</p><p>Order issued by a court requiring or allowing something.</p>
warrant of attachment	Warrant which allows goods to be seized.
warrant to cite	In Scotland, an order for a debtor to attend court in sequestration proceedings.
warrantee	Person to whom a warranty is given.
warrantise	Give a warranty .
warrantor	Person who provides a warranty .

- warranty** Guarantee or promise. In contract law, a breach of warranty does not usually allow the other party to claim **specific performance** nor to void the contract, but usually does allow the party to claim damages.
- warren** In law, the right to kill rabbits and hares on a piece of land.
- war service** Service in the armed forces during war. Under various laws passed at the time, such service usually counts as part of a person's employment for the purposes of building up a superannuation or pension entitlement.
Certain pensions for war service are exempt from income tax (Income Tax (Earnings And Pensions) Act 2003 s639).
- war widow** Woman whose husband was killed in a war.
- war widow's or widower's pension** For pension credit, this is defined in State Pension Credit Act 2002 s17(1).
- wash**
Finance
In finance, process of making money look different from what it was.
Spirits duty
For spirits duty, "wort in which fermentation has begun. After fermentation, the wash will form the raw material for the distillation process" (Customs notice 39).
- Wash** Washington, US state.
- wash back** In brewing, "a vessel in which wort is collected and fermented into wash" (Customs notice 39).
- washbasin** This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
- wash charger** In brewing, "a vessel in which wash is collected from the wash back for removal to the still" (Customs notice 39).

washing machine This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.

wash-up Review of a meeting after it has finished.
The term is also used for the period just before a General Election when the outgoing government agrees with other parties what legislation may be enacted before prorogation of Parliament. This often includes a short Finance Act to allow for continued collection of income tax and some other uncontroversial matters. The new government, even if of the same party, typically enacts a Finance (No 2) Act after the election.

waste In law, neglected land or deliberate damage to land and property.
In management accounting, excess materials left over from production processes and which are regarded as having no value or only scrap value.

waste-book Day book or journal in which financial transactions are recorded, prior to their being entered in a real prime book of account.

wasted costs In litigation before a tribunal, "means any costs incurred by a party —
(a) as a result of any improper, unreasonable or negligent act or omission on the part of any legal or other representative or any employee of such a representative, or
(b) which, in the light of any such act or omission occurring after they were incurred, the relevant Tribunal considers it reasonable to expect that party to pay" (Tribunals, Courts and Enforcement Act 2007 s29(5)).

waste dealing Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
4 January 2011	10.5%

1 January 2010	9.5%
1 December 2008	8.5%
1 January 2004	9.5%

- waste disposal** Corporation tax provisions are given in Corporation Tax Act 2009 s142; income tax provisions in Income Tax (Trading and Other Income) Act 2005 from s165.
- waste disposal site** In relation to tax allowance for site preparation, a full definition appears in Income Tax (Trading and Other Income) Act 2005 s167(1).
- waste disposal system** Part of a building (Capital Allowances Act 2001 s21(3) List A).
- wasted relief** Term for unused relief in the context of a controlled foreign company. The full definition is given in Income and Corporation Taxes Act 1988 Sch 26 para 4(4).
- wasting asset** Term for an asset which becomes exhausted in the course of use, such as a mine, quarry or cemetery. In accounting terms, it is treated the same as a **fixed asset**.
For capital gains tax, it has the most specific meaning of an asset expected to be wholly consumed within 50 years (Taxation of Capital Gains Act 1992 s44). This includes all vehicles, machines and animals. Such an asset is exempt from the tax.
- water** For VAT, water is zero-rated when supplied to domestic premises under Value Added Tax Act 1994 Sch 8 Group 2. It is standard-rated to business premises from 1 July 1990.
The zero-rating extends to supplies of ice, steam, metered water, and abstraction of non-potable water.
Zero-rating does *not* extend to distilled or deionised water, dry ice, mineral and table water and infrastructure charges under Water Act 1989.
Bottled water for drinking is standard-rated. It is specifically excepted from the scope of zero-rating for food by Value Added Tax 1994 Sch 8 Group 1 Note 3.

water bailiff	Customs officer who inspects vessels as they reach or leave port.
watercourse	Easement that allows for a flow of water over someone else's land.
water gavel	Rent paid for water or fishing rights.
Waterguard	Old name for Coastguard service. It was formed in 1809 to prevent smuggling, and subsequently took on life-saving duties.
water heater	For capital allowances, this may qualify as a feature integral to a building (Capital Allowances Act 2001 s33A).
water ice	This is standard-rated for VAT. It is excluded from the scope of zero-rated food by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 1.
Waterloo decision	Rule that "where a parent company allows the employees of its subsidiaries to participate in its share schemes, the arm's length principle requires that the subsidiaries make a contribution to the parent" (Inspector's Manual at BIM 44235). The name comes from the case <i>Waterloo plc v CIT</i> . SpC301.
watermark	Image that can be seen on paper when held to the light. Modern Bank of England notes use a watermark as a security feature. A picture of the Queen can be seen.
water meter	For VAT, costs relating to these meters are not within the scope of the zero-rating for water (VAT notice 701/16). They may be zero-rated when installed as part of a zero-rated construction .
water supply licence	Licence issued under Water Industry Act 1991 s17A as inserted by Water Act 2014 s1(1).
water system	For capital allowance purposes, this is treated as an integral feature , which means that it is included in the special rate pool and is subject to capital allowance at 10% on the writing down basis, and not the usual 20% for

plant and machinery (Capital Allowances Act 2001 s33A).

waterworks

Profits from this, when run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).

waveson

Floating wreckage or flotsam.

way-going crop

Crop that is sown during one tenancy but cannot be harvested until after the tenancy has expired. The first tenant often has the rights to the crop.

wayleave

Right of way over someone else's land for the purpose of moving minerals, running electrical cables or water pipes, or similar. A statutory definition is given in Corporation Tax Act 2009 s45(5).

The extent to which income from a wayleave may be taxed as a trade is set out in Income Tax (Trading And Other Income) Act 2005 s22 and Corporation Tax Act 2009 s45.

The charge to tax on income received is set out in Corporation Tax Act 2009 from s277 and Income Tax (Trading and Other Income) Act 2005 from s344.

WB

World Bank.

WBA

Widow's bereavement allowance.

WBS

Work breakdown structure.

WCA

Work capability assessment.

WCO

World Customs Organization, a multilateral body located in Brussels through which participating countries seek to simplify and rationalize customs procedures.

WCS

World Conservation Strategy.

WD

- (1) **Waiting day.**
- (2) War Department.
- (3) Welfare Department.
- (4) Works Department.
- (5) Volume of waste materials disposed on a site before 6

April 1989, used in the formula in Income Tax (Trading and Other Income) Act 2005 s166(3).

WDA	Writing down allowance.
WDM	(1) Worldwide Dispatch Manager , a postal service. (2) World Development Movement.
WDV	Written down value.
WE	(1) War Establishment. (2) Women's Equality Party.
WEA	Workers Educational Association.
WEAL	Women's Equality Action League, US body.
wealth	Money and assets which represent money. Wealth is the capitalisation of productivity.
wealth tax	Tax imposed on how much a person is worth. The UK has no such tax.
weapons	Customs are likely to seize any offensive weapons carried by a traveller to the UK.
wear and tear	Cost of using a fixed asset, recognising that fixed assets such as machinery suffer minuscule amounts of wearing out every time they are used. This has a cumulative effect until the machinery is unusable. In financial accounting this is reflected in depreciation.
wear and tear allowance	Allowance equal to 10% of rents received that could be claimed on most lettings of domestic property (Capital Allowances Act 2001 s35(2)). Similar provisions are given in Income Tax (Trading and Other Income) Act 2005 s308A. This allowance is abolished from 6 April 2016, from when a landlord may deduct the actual costs.
wearing different hats	Term used where one person performs different functions in a transaction or arrangement, such as when a settler is also a beneficiary in a trust. Such arrangements are legal, except that if the boundaries are not properly observed and there is no

good reason for the different hats, it is possible that the trust will be regarded as a sham.

weasel words

Words of convenient ambiguity.

Web

Usually means the worldwide web where **websites** are hosted and may be accessed.

WebCheck

On-line facility to check the register of companies at Companies House. It may be accessed free at <http://wck2.companieshouse.gov.uk/86fa74c2ba751e6ea1f7e87159aa4602/wcframe?name=accessCompanyInfo>.

web crawler

Computer program that browses the worldwide web in a methodical and orderly manner.

Weber, Max

Business adviser (1864-1920) who developed the concept of permanence of organisations and of bureaucracy.

webinar

Seminar conducted on a website.

HMRC started running webinars in February 2012. It runs two types:

- live webinars at predetermined times which allow for on-line questions and answers, and
- pre-recorded webinars that can be watched at any time.

The webinars are free but taxpayers must register in advance. Details are given at

www.hmrc.gov.uk/press/online-advice.htm.

website

Place where information can be accessed on the **Internet**.

Websites that are particularly useful for tax practitioners include:

- the website for **HMRC**. It provides all tax notices and other publications, most tax forms, press releases, **inspectors' manuals** and much other tax information.

The database is comprehensive but its search engine is not user-friendly. It is often better to use a better engine, such as Google, and then select the hmrc references from those listed.

- <http://www.legislation.gov.uk/> the Statute Law database. This gives Acts of Parliament and other legislation:

- all legislation passed from 1988,
- most primary legislation (not SIs) from 1287 to 1988, though sometimes only the original form is published. Laws repealed before 1991 are generally not included.

New laws are put on the website within 24 hours of becoming law.

Some laws on tax, social security and pensions are only available in their original form, and not as amended.

The website gives a choice of whether to view the original or amended versions. It has full annotations of when changes were made, and of any changes yet to be reflected in the text.

Many supporting documents are also included. These include explanatory notes and tables of derivations.

- www.bailii.org.uk the website of British and Irish Legal Information Institute. This gives full case reports (not just of tax cases) of all decisions made by the High Court from 2002, and from the Court of Appeal and House of Lords (now Supreme Court) from 2001. It also gives details of many tribunal decisions.

- <http://www.tribunals.gov.uk/Tax/> the website of the First Tier tax tribunals. This gives all decisions of the tribunals since their formation in April 2009, and details of predecessor bodies from April 2003. This includes Special Commissioners' decisions under the reference **SPC**.

- <http://www.hm-treasury.gov.uk/> the website of HM Treasury. It includes Budget and pre-Budget Reports, and details on economic policy.

- <http://www.dwp.gov.uk/> the website of the Department of Work and Pensions, which gives details of social security and pensions

- <http://www.ifs.org.uk/> the website of the Institute of Fiscal Studies gives independent commentary on tax and economic issues, particularly regarding policy.

website invoice

Invoice which is produced on a website rather than as a separate document. This is legal for all purposes, including tax and VAT, provided there is adequate security and recording.

WEC	World Employment Conference.
WED	World Environment Day.
wedding albums	The VAT tribunal has ruled that an album of wedding photographs is not a zero-rated book (<i>D A Draper [1980] VTD 1107</i>).
wedding gift	<p><i>Tax exemption</i></p> <p>A wedding gift made by an employer to an employee is tax-free. According to inspectors' manual at EIM00600, such a gift does not arise from the employment and therefore is not taxable as employment income.</p> <p><i>Inheritance tax</i></p> <p>A gift made in respect of a marriage is exempt from inheritance tax up to a limit. This is £5,000 per parent; £2,500 from a remoter ancestor; and £1,000 from anyone else. These figures are unchanged from 1986.</p> <p><i>Customs</i></p> <p>For Customs, wedding presents are generally not subject to duty when imported into the UK following a wedding, as explained in Customs notice 3. Such goods may arrive in the UK up to two months before or four months after the wedding. If security is charged on such goods, it is refunded on proof of marriage.</p>
wedge	Slang for an amount of money.
wedlock	<p>State of being married.</p> <p>The term is particularly used for children born when their parents were unmarried, or "born out of wedlock". All legal restrictions on such children have now been removed, except that such a child may not inherit a parent's title.</p>
week	Period of seven days. For purposes of statutory sick pay and statutory maternity pay , it is seven days starting on a Sunday.
week 53	<p>In the PAYE system, the odd days at the end of the tax year after week 52.</p> <p>As 52 weeks of 7 days gives 364 days, but a year</p>

always has 365 or 366 days, a payday falling on 5 April or (on 4 April in a leap year) is regarded as being in week 53, for which there are special PAYE provisions.

weekly PAYE threshold Amount a weekly paid worker may earn before becoming liable to have income tax deducted under the PAYE scheme (PAYE Regulations SI 2003 No 2682 reg 9(7)).

week's pay Figure set by the government from 1 February each year used to calculate redundancy pay and which is also used to determine how much of a person's wages rank as a **preferential debt** if the employer becomes insolvent.

WEPP Work Experience on Employer's Premises.

wef With effect from.

weighed in the balance and found wanting
Tested and found to be faulty.
The expression comes from the interpretation of Belshazzar's vision as recorded in Daniel 5:27 in the Bible.

weighted age Another term for **adjusted age**. This is broadly a person's actual age with extra years added (or sometimes subtracted) to reflect their health. This is used to calculate rates for life assurance. For inheritance tax, this can be relevant in valuing a **discounted gift scheme**.

weighted moving average (WMA)
Moving average that gives weight to more recent data.
For example, suppose a company records share prices of 3, 6, 8, 9, 11, 12, 13 for the last seven months. The average (arithmetic mean) is these seven numbers added together and divided by 7, which gives 8.86.
If the numbers are given a weighting of 1, 2 etc to 7, each number is multiplied by the weighting to give 3, 12, 24, 36, 55, 72 and 91. These seven numbers are added and divided by 28 (the sum of the numbers 1 to 7) to give 10.46, reflecting the higher values achieved recently.

weighting (1) When a figure is multiplied by a factor to reflect its importance. Social Fund budgeting loans use

weighting.

(2) In payroll, additional sum paid for a specific reason, such as for the additional cost of living in London.

weir

For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).

welcome page

Home page on a website, including HMRC's.

welfare advice

Service that may be reduced-rated for VAT under Value Added Tax Act 1994 Sch 7A Group 9, as explained in VAT leaflet 701/2. Note that is *advice* that is reduced-rated; **welfare services** may be zero-rated.

Reduced-rated welfare advice is "advice or information that directly relates to the:

- care or protection of children or young people or
- physical or mental welfare of elderly, sick, **distressed** or disabled people" (VAT notice 701/2).

Advice that relates to a *specific* person (of any age) is usually zero-rated as **welfare services**.

welfare payments

In relation to Scotland, this term is given a specific meaning in Scotland Act 1998 s66(1ZA) as inserted by Scotland Act 2016 s20(6).

welfare services

Value added tax

Such services may be exempt from VAT under Value Added Tax Act 1994 Sch 7 Group 9. Other services may be reduced-rated under Sch 7A Group 9. VAT leaflet 701/2 provides more details.

Further information in this discretionary is provided in the entries for:

- **care, treatment or instruction**
- **children's services**
- **routine domestic tasks**
- **significant pain or discomfort**
- **spiritual welfare**
- **welfare advice**

Social security administration

"Includes services which provide accommodation, support, assistance, advice or counselling to individuals

with particular needs" (Welfare Reform Act 2012 s131(12)).

The term goes on to define assistance.

Welfare State

Term applied to the UK from 1942 with regards to its commitment to care for citizens throughout their lives in the forms of benefits, free services and other forms of assistance.

welfarism

View that management should be concerned for the welfare of its employees and not just see them as units of production.

well-being

"In relation to an individual, means that individual's well-being so far as relating to any of the following —

- (a) personal dignity (including treatment of the individual with respect)
 - (b) physical and mental health and emotional well-being
 - (c) protection from abuse and neglect
 - (d) control by the individual over day-to-day life (including over care and support, or support, provided to the individual and the way in which it is provided)
 - (e) participation in work, education, training or recreation
 - (f) social and economic well-being
 - (g) domestic, family and personal relationships
 - (h) suitability of living accommodation
 - (i) the individual's contribution to society"
- (Care Act 2014 s1(2)).

Local authorities have a duty to promote individuals' well-being under s1(1).

Welsh

Language spoken by some people in Wales. Many official documents may be submitted in Welsh, though often an English transaction is required.

Laws in Wales Act 1535 s20 made it illegal to use Welsh in courts and legal documents. That provision was repealed by Welsh Language Act 1993.

Welsh additional rate

Additional rate of income tax charged in Wales, as defined in Income Tax Act 2007 s6B(10)

Welsh apprenticeships	<p>“Means —</p> <ul style="list-style-type: none">(a) apprenticeships undertaken under apprenticeship agreements within the meaning given in section 32 that were entered into in connection with recognised Welsh frameworks;(b) apprenticeships in relation to which alternative Welsh completion arrangements apply under section 2(5);(c) apprenticeships undertaken under arrangements made in relation to Wales under —<ul style="list-style-type: none">(i) section 2 of the Employment and Training Act 1973, or(ii) section 17B of the Jobseekers Act 1995, that are identified by the person making them as arrangements for the provision of apprenticeships” <p>(Apprenticeships, Skills, Children and Learning Act 2009 s40B(3) as inserted by Enterprise Act 2016 s26).</p>
Welsh Assembly	Common name for National Assembly for Wales .
Welsh authority	In relation to apprenticeships, “means — <ul style="list-style-type: none">(a) the Welsh Ministers, and(b) any body or other persons that is prescribed, or of a prescribed description” <p>(Apprenticeships, Skills, Children and Learning Act 2009 s40B(3) as inserted by Enterprise Act 2016 s26).</p>
Welsh basic rate	Basic rate of income tax charged in Wales, as defined in Income Tax Act 2007 s6B(10).
Welsh body	In relation to exchanges of information in connection with social security administration, “means — <ul style="list-style-type: none">(a) a local authority in Wales,(b) a person authorised to exercise any function of such an authority in relation to welfare services,(c) a person providing to a local authority in Wales services relating to welfare services, or(d) a person prescribed or of a description prescribed by the Secretary of State” <p>(Welfare Reform Act 2012 s131(12)).</p>
Welsh company	“Company as to which it is stated that its registered office is to be situated in Wales” (Companies Act 2006 s88(1)). Such a company has the right to issue documents

and returns in Welsh rather than in English, though it must file an English translation.

Welsh Government	Administration of the Welsh Assembly. Under Wales Act 2014 s4(1) this name replaces the previous Welsh Assembly Government.
Welsh higher rate	Higher rate of income tax charged in Wales, as defined in Income Tax Act 2007 s6B(10).
Welsh land transaction	Acquisition of land in Wales for which the Welsh Assembly may be given taxation powers under Government of Wales Act 2006 s116L as inserted by Wales Act 2014 s15(1).
Welsh list	In relation to non-domestic rates, “means — (a) a local non-domestic rating list that has to be compiled for a billing authority in Wales, or (b) the central non-domestic rating list that has to be compiled for Wales” (Local Government Finance Act 1988 s55(8) as inserted by Enterprise Act 2016 s32).
Welsh mortgage	Mortgage on which no date has been set for redemption.
Welsh NHS trust	Charity run by an NHS body in Wales. Such a body is subject to special audit requirements. A full definition is given in Charities Act 2011 s150(4).
Welsh rate resolution	Resolution passed by the Welsh Assembly on income tax rates to be applied in Wales. The power is contained in Government of Wales Act 2006 from s116D as inserted by Wales Act 2014 s8.
Welsh Revenue Authority (WRA)	Body established to collect taxes devolved to the Welsh Assembly from 2018.
Welsh taxpayer	Person who is liable to pay income tax under a Welsh rate resolution . Such a person is defined in Government of Wales Act 2006 s116E. A Welsh taxpayer is someone with a “close connection” with Wales as further defined in s116G.

Wergild	In Anglo-Saxons times, money paid by the family of a slayer to the family of a person slain to avoid a blood feud.
WERS	Whisky Export Refund Scheme.
Westminster	Area of London where Parliament is situated, and therefore sometimes used to mean Parliament.
Westminster doctrine	<p>Doctrine that decisions of the courts are equally binding on the taxpayer and the tax authorities, regardless of how inconvenient this is for the tax authorities.</p> <p>The term comes from the successful tax avoidance case <i>IRC v Duke of Westminster [1936] 19 TC 490</i>.</p>
wet brewery	Brewery where employees are allowed to drink.
wet money	In acting, money paid to extras who cannot work because it is raining.
wet states	Those states in the USA that did not support prohibition of liquor.
wet trade	Term used in the hotel and pub business to indicate the amount of income derived from the sale of drink, both alcoholic and non-alcoholic. This distinguishes income from other sources such as from accommodation, food, cigarettes and amusement machines.
Wet uitkeringen vervolgingslachtoffers 1940 to 1945	Scheme run by Dutch government to provide compensation for victims of Nazi and Japanese aggression in the Netherlands between 1940 and 1945. Such payments are exempt from UK income tax from 6 April 2016.
WEU	Western European Union.
WFA	White Fish Authority.
WFC	World Food Council.
WFH	Wages for housewives.

WFP	Winter fuel payment.
WFTC	Working families tax credit.
WFTU	World Federation of Trade Unions.
wharf	<p>For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).</p> <p>For customs duties, goods transported by sea must be landed at a wharf approved under Customs and Excise Management Act 1979 s20.</p>
what I did on my holidays	Colloquial term for a style of instructions from a client that resembles a school essay. It usually reports matters in tedious chronological detail, much of which is not relevant. Advisers are often better advised to look at the paperwork and ask clients questions.
Wheat Report	Report produced in USA in 1972 on the principles and methods for setting American accounting standards. It led to the formation of FASB .
wheel of fortune	This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of gaming licence duty .
whereabouts unknown	Description of someone whose current address is known. There is a specific tax provision for paying agents of savings funds for such people. If the agent made payment, details must be reported but with "whereabouts unknown" as the payee's address. If no payment was made, there is nothing to report. If arrears of payment when the address is subsequently discovered, the payment of all arrears is reported for the period of payment.
wherewithal	Colloquialism for money, particularly in the sense of the ability to sustain oneself.
Whimster	Leading tax case. It established that the correct method for determining taxable trading profits is by bringing into account the opening and closing stock at lower of net cost and market value (the latter has now been replaced by

net realisable value). The full case name is *Whimster and Co v CIR [1925] 12TC813*. It is usually now seen in combination with **Threlfall v Jones**. The cases are discussed in Inspectors' Manual at BIM 33110.

whip-round

Colloquialism for a spontaneous collection of money, usually for a charitable or benevolent purpose.

whisky

Alcoholic drink classified as a **spirit** for purposes of **alcoholic liquor duty**. A fuller description is given in Customs notice 39.

The law on duty on spirits is given in Alcoholic Liquor Duties Act 1979 ss5-35 and Spirits Regulations Si 1991 No 2563.

Traditionally, Irish whiskey is spelled with an E.

Whisky has been subject to liquor duty since 1644. In 1823, the law was reformed to introduce an annual licence as a means of stamping out illegal distilleries.

Whisky Export Refund Scheme

A system of refunds on EC cereals used in the manufacture of whisky for export outside the EU. Details are given in Customs notice 39.

whisky money

Term used in 1889 for an additional tax imposed on whisky to fund technical colleges to train workers in craft subjects.

Whitebox

Tax avoidance scheme that tried to save income tax by exploiting a perceived mismatch in the legislation on accrued interest and that of manufactured interest. The scheme was also known as Project Corbiere.

The scheme was rendered ineffective by the decision in *Barnes [2011] TC 972*.

white-collar worker

Someone who works in an office, unlike a **blue-collar worker** who works in a factory.

white diesel

Diesel oil that does not contain any colouring agent, indicating that **hydrocarbon oil duty** has been paid.

white elephant

Unwanted gift. The term is sometimes used as the name for a stall at a fete where unwanted items may be offered

for sale.

white fiver

Common name for Bank of England £5 notes issued before 1957. They were printed on one side of white paper. The notes were withdrawn from circulation on 13 March 1961, though the Bank of England will still exchange them for value.

Whitehall

Area of London where many government offices are based, and therefore sometimes used to mean the civil service.

White House

Residence of the President of the United States, and therefore sometimes used to mean his office.

white knight

Person or organisation which rescues a company in difficulty, preventing it being taken over by someone considered less desirable.

white list

Term widely used for the lists of investment transactions held by HMRC for two purposes:

- to identify activities that may qualify for the **Investment Manager Exemption**, and
- to specify that transactions are not treated as trading transactions for UK tax purposes.

These lists are compiled under the provisions of Statutory Instruments SI 2006 No 924, SI 2009 No 3021 and SI 2011 No 2999.

White Paper

Government document setting out its policies and proposals in a particular area.

white phosphorus

“Means the substance usually known as white or yellow phosphorus” (Factories Act 1937 s51(2)).

This Act bans its use in making matches.

white space

The generally used term for the “other information” box on a tax return.

Disclosure of information in the white space can prevent or restrict HMRC’s right of **discovery**. It can also reduce any penalties.

Whit Monday

The day after Whitsun. It was a public holiday until 1967.

Whitsunday	<p>The Christian festival of Pentecost when the Holy Spirit came to the early church. It is celebrated seven weeks after Easter.</p> <p>Whit Monday was a public holiday until 1967 when replaced by Spring Bank Holiday. It was an old Scottish term day (the equivalent of English quarter days until 1991) for which purpose it was defined as 15 May.</p>
WHO	World Health Organisaton.
whole government accounting	<p>Attempt made from 2011 to produce an alternative set of accounts for the government, produced using the same conventions as are used for limited companies.</p>
whole life insurance	<p>A life insurance policy providing payment on death, whenever this occurs. Premiums may be payable throughout life, or for a shorter period.</p>
whole of life insurance	<p>Another term for whole life insurance.</p>
whole of market adviser	<p>Financial adviser who gives advice on financial products offered by every company in the market.</p>
whole or part of a business	<p>In tax, term used in connection with a disposal that qualifies for entrepreneurs' relief from capital gains tax. This relief was introduced from 1 April 2008. The term was also used for retirement relief that was phased out in 1998.</p>
wholesale	<p>Description of goods which are traded in bulk, such as to retailers.</p> <p>In relation to sale of controlled liquor. the term is given a specific meaning in Alcoholic Liquor Duties Act 1979 s88A(3).</p>
wholesale and retail distribution	<p>Activity which excludes a company from the scope of EIS relief. It is defined for this purpose in Income Tax Act 2007 s193.</p>
wholesale and retail distribution	<p>Term used in Income Tax Act 2007 s304 in relation to an area of activity for which it is not possible to claim the</p>

special tax provisions for venture capital trusts.

wholesale banking Banking services provided by merchant banks and similar bodies, as against **retail banking**.

wholesale dealer Person who buys in bulk to sell to retailers.

wholesale, distributive financial or service business

Term used in connection with **controlled foreign companies**.

The term is defined in Income and Corporation Taxes Act 1988 Sch 25 para 11(1).

wholesale price Price charged for goods bought **wholesale**, such as the price paid by a shop when buying its stock.

wholesale price index Index showing inflation in prices charged for wholesale prices.

wholesaler Person who sells **wholesale** goods, such as when large quantities are bought from manufacturers and sold to retailers such as shops. The wholesaler is the traditional **middle man**.

wholly One of the conditions that must be met for trading expenditure to be tax-deductible. The word relates to the amount of money. The purpose of the payment is governed by the word **exclusively**.

wholly and exclusively Conditions necessary to claim an expense against trading income (Corporation Tax Act 2009 s54).

wholly and exclusively rule In relation to expenditure on energy-saving materials, "means the rule in section 34 (expenses not wholly and exclusively for trade and unconnected losses), as applied by section 272" (Income Tax (Trading and Other Income) Act 2005 s312(8)).

wholly innocent misrepresentation

Where a party makes a statement which proves to be untrue but where the misrepresentation was neither fraudulent nor negligent.

Under Misrepresentation Act 1967 s2(2), the other party has the right to rescind the contract. Although the

party has no right to claim damages, the *court* has a discretion to award damages instead of rescission.

wholly or mainly

In relation to VAT relief for a professional body, the term means 75% or more (VAT notice 701/5).

wholly-owned subsidiary

Company all of whose shares are owned by another company.

“A company is a wholly-owned subsidiary of another company if it has no members except that other and that other's wholly-owned subsidiaries or persons acting on behalf of that other or its wholly-owned subsidiaries” (Companies Act 2006 s1159(2)).

WI

(1) Women's Institute.
(2) West Indies.

wide area network

A network technology that covers large geographic distances. Also called long-haul networks, WANs usually operate at slower speeds and have significantly higher delays than networks that operate over shorter distances.

widget

(1) For beer duty, “device inserted into cans and bottles which recreates the effect of draught beer when it is poured” (Customs notice 226).
(2) In management accounting, an unspecified manufactured object.

widow

Woman whose husband has died. Her marital status is the same as a single person.

For the purpose of claiming benefits this means that the couple were either legally **married** at the time of the husband's death or their marriage was considered valid under UK law. In Scotland (but not elsewhere in the UK) a person may be considered a wife “by cohabitation with habit and repute” even if there has not been a marriage ceremony provided the reputation began before 4 May 2006 (Family Law (Scotland) Act 2006 s3).

widowed mother's allowance

Weekly social security benefit payable to a widow whose husband died before 9 April 2001 and who either had custody of a child or was pregnant by her husband when he died.

For subsequent deaths, the allowance is replaced by

widowed parent's allowance which is also payable to a widower.

widowed parent's allowance Weekly social security benefit. It cannot be paid at the same time as **bereavement allowance**. In practice a person receives bereavement allowance when their entitlement to widowed parent's allowance ends.

The main conditions for receiving the allowance are:

- the partner died after 8 April 2001;
- the claimant is under pensionable age;
- the partner either had sufficient national insurance record or died from an industrial illness or disease;
- the claimant either has custody of a child or is pregnant by the late husband.

This allowance was subject to an addition for dependent children before 6 April 2003.

If a husband died before 9 April 2001, the widow may claim **widowed mother's allowance** which remains payable.

widower Man whose wife has died.

For the purpose of claiming benefits this means that the couple were either legally **married** at the time of the wife's death or their marriage was considered valid under UK law.

In Scotland (but not elsewhere in the UK) a man may be considered a husband "by cohabitation with habit and repute" even if there has not been a marriage ceremony provided the reputation began before 4 May 2006 (Family Law (Scotland) Act 2006 s3).

widow's bench Old law term for a share of a man's estate once allowed to a widow over and above her jointure.

widow's bereavement allowance (WBA) Additional income tax allowance available to widows in the tax year of bereavement and the following tax year.

The allowance was available between 1980 and 2000 when it was abolished. The allowance was not available to widowers.

widow's mite Small amount of money which represents considerable sacrifice by the donor.

The term comes from Mark 12:42 in the Bible.

wife

Woman to whom a man is married.

The meaning of the term was considered in the case *Nabi v Heaton*. CA [1983] 57 TC 292 which held that "his wife" meant "a person being his wife". This was relevant for a polygamous marriage or where a person had the misfortune of two wives dying in the same tax year.

A wife must be a person where there is evidence of a legal marriage (*Rignell v Andrews*. Ch d [1990] 63TC312).

wife's earned income relief (WEIR)

Tax allowance which a married man could claim against his wife's earned income before 6 April 1990. The allowance belonged to the husband, though there were circumstances when it would be given directly to the wife.

wiggle room

Flexibility to adjust something to the circumstances, such as adjusting a price to what customers will pay.

wildcat strike

Sudden stoppage of workers taken by the workers themselves and not organised by a trade union.

wild-goose chase

Pursuit that is unlikely to be productive. A wild goose is notoriously difficult to catch.

Wilhelmstrasse

Street in Berlin where the Foreign Office is situated, and therefore is sometimes used to mean that Office.

Wilkinson case

The case *ex parte Wilkinson* [2005] heard by the House of Lords. It held that HMRC had exceeded its authority in many of the **extra-statutory concessions** it had introduced. This had led to many of them being replaced by legislation.

will

Definition

Document which states what a person wishes to happen to his or her property on their death.

The term includes a codicil a testament and any other of testamentary disposition (Wills Act 1837 s1).

History

The practice of making wills is ancient. Originally a separate **testament** was needed to leave property, but

this has not been abolished.

Freedom in to whom property may be left was established in 1725 in England.

Will Aid Will-writing harity in which solicitors waive their fee for a designated month and the client is invited to donate to charity instead.

William I (1) King of England from 1066 to 1087, having obtained the Crown by conquest after defeating **Harold II**. Known as the Conqueror.
(2) King of Scotland from 1165 to 1214.

William II King of England from 1087 to 1100. Also known as Rufus.

William III King of Great Britain from 1689 to 1702. Until 1694, he reigned jointly with Queen Mary I.

William IV King of Great Britain from 1830 to 1837.

Wilshire 5000 (W 5000) Stock index measuring the most widely traded companies in the USA. The size of the index varies, but is currently around 4,100 companies. It was started in 1974 by Wilshire Associates at 1404.6 represent the companies' market capitalisation of \$1,404.6 billion. Each 1 point variation represented an additional \$1 billion of capitalisation. This has now increased to about \$1.2 billion.

Wilson, Harold English Labour politician (1916-1995) who was Shadow Chancellor from 14 December 1955 to 2 November 1961.

He became Leader of the Labour party on 14 February 1963.

He was prime minister from 16 October 1964 to 19 June 1970, and from 4 March 1974 to 5 April 1976.

Wilts Wiltshire.

win For mineral extraction, obtain by **winning**.

windfall Gain, income or other benefit which comes from no effort of the recipient, such as inheriting money. The term comes from harvesting, where it refers to fruit lying on the ground which may be collected without the effort of

picking it from the tree.

windfall clause

Term common in an IVA which provides that any windfall, such as inheritance or win, must be given to creditors.

windfall profit

Profit where a significant element comes from factors unrelated to the organisation's efforts.

windfall tax

A one-off tax charged in 1997 on the windfall profits made by the utility companies when they were privatised.

The tax was charged at 23% on its value as reflected by post-privatisation profits less the value of the company when floated. Payment was made in two equal instalments on 1 December 1997 and 1 December 1998.

The legislation is contained in Finance (No 2) Act 1997 ss1-5 and Sch1-2.

winding-up

Process of ending a company's existence as set out in company law.

Provisions for charities are given in Charities Act 2011 from s113.

winding-up lump sum

Lump sum benefit paid to a member of an occupational pension scheme because the scheme is being wound-up and their accrued benefits under the scheme are deemed 'trivial', and which meets the conditions of paragraph 10, Schedule 29 to the Finance Act 2004.

winding-up lump sum death benefit

Lump sum benefit paid to a dependant of a member of an occupational pension scheme because the scheme is being wound-up and their accrued benefits under the scheme are deemed 'trivial', and which meets the conditions of paragraph 21, Schedule 29 to the Finance Act 2004.

winding-up order

Order by a court for the **winding-up** of a company or other organisation.

winding-up petition

Petition presented to the court to wind up a company.

winding-up receipt	In relation to the remittance basis and banks, this term is defined in Income Tax Act 2007 s837C(3).
window	Part of a building (Capital Allowances Act 2001 s21(3) List A).
window dressing	In financial accounting, any policy or other procedure adopted to make the accounts present the business in a better light than would otherwise be justified.
Windows	Computer operating system developed by Microsoft. It is the most widely used operating systems on personal computers.
window tax	A tax that was levied between 1696 and 1851.
wine	<p>Fermented juice of any fruit, except apples or pears. Before 15 March 1988, "wine" meant only fermented juice of grapes. Other fermented juices were known as made-wine.</p> <p>Wine is subject to excise duty on alcoholic liquor. The amount of duty depends on its alcoholic strength. For wine with a strength above 5.5%, a higher rate is paid for sparkling wine.</p> <p>The Act defines wine as "any liquor which is of a strength exceeding 1.2% and which is obtained from the alcoholic fermentation of fresh grapes or of the must of fresh grapes, whether or not the liquid is fortified with spirits or flavoured with aromatic extracts" (Alcoholic Liquor Duties Act 1979 s1(4)).</p>
wine duty	Tax on wine, first introduced in 14 th century. It is now an excise duty imposed under Alcoholic Liquor Duties Act 1979.
winger	In law, a judge who sits beside the main judge or magistrate.
winning	<p>In terms of trading in minerals, finding without mining, drilling or quarrying, such as finding stones on the ground.</p> <p>For tax purposes, it is regarded as exploitation of land, and is taxed on the same basis as mining operations. A leading case is <i>Golden Horeshoe (New) Ltd v Thurgood</i></p>

[1933] 18TC280. The matter is discussed in the Inspectors' Manual at BIM35405.

winter fuel payment	Lump sum payment from Social Fund to people over 60 regardless of their income or wealth.
WIP	Work in progress.
WIPO	World Intellectual Property Organisation.
WIRA	Wool Industry Research Association.
Wisc	Wisconsin, US state.
Witenagemont	Anglo-Saxon national assembly that gave advice on various national matters including taxation.
with costs	Term used in legal judgments indicating that the winner is entitled to recover their legal costs from the loser.
withdraw	(1) In banking, process of taking money out of an account. (2) Rescind an offer, or exclude oneself from negotiations.
withdrawal	(1) Taking money out of an account. (2) Rescinding an offer or excluding oneself from proceedings.
withdrawal date	Date from which HMRC withdraws approval of an occupational pension scheme (Social Security Contributions and Benefits Act 1992 Sch 1 para 3B(7A)).
withdrawal rate	In social security, the rate at which tax credits are reduced according to the claimant's net income. The rate increased from 39% to 41% on 6 April 2011.
withering on the vine	Allowing the value of money to reduce over a long period through inflation .
withholding agent	General term for every type of body that assumes responsibility for administering a withholding tax on non-USA investments held by American investors under Foreign Account Tax Compliance Act 2010 of USA.

withholding foreign partnership (WP)

Partnership that assumes responsibility for administering a withholding tax on non-USA investments held by American investors under Foreign Account Tax Compliance Act 2010 of USA.

withholding foreign trust (WT) Trust that assumes responsibility for administering a withholding tax on non-USA investments held by American investors under Foreign Account Tax Compliance Act 2010 of USA.

withholding responsibility Power assumed by a non-US investment business (or equivalent) to administer the withholding tax under Foreign Account Tax Compliance Act 2010.

withholding tax Practice in most tax jurisdictions for the payer of interest (and sometimes other types of payment) to withhold an amount and pay it to the tax authorities of the payer's country. This amount is then offset against the payee's tax liability in that country.

A formal definition is "tax on dividends or other income that is deducted by the payer of the income and paid to the tax authorities wholly on behalf of the recipient" (FRS 16).

without prejudice Comment on a letter which generally stops it being shown to a judge. It is used to conduct separate negotiations while a court case is proceeding.

without profits Description of a life insurance policy where the holder is not entitled to any share of the company's profits.
The sum payable is only the amount guaranteed in the policy however profitable the insurance company may be.

with profits Description of a life insurance policy where the holder is entitled to a share of the insurance company's profit.
Each year a bonus is added to the guaranteed sum insured to reflect the company's profit. Usual practice is to 'smooth' such bonuses so that a comparatively unsuccessful year will not necessarily lead to a lower bonus but a succession of poor years will be reflected by a gradual reduction of bonus rate (and conversely for a

	series of successful years).
with profits endowment	A fixed term investment with life cover. The guaranteed sum insured is increased by bonuses, representing a share of the profits of the life fund.
with-profits fund	For child trust funds, a definition is given in Child Trust Fund Regulations SI 2004 No 1450 Sch para 2(6).
witness	<p>“A person who stands up in court to state what they know after taking an oath to tell the truth” (website of Crown Prosecution Service).</p> <p>Every person charged with a criminal offence may be a witness in his or her own case (Criminal Evidence Act 1898 s1(1)(a)).</p> <p>A person may only be a witness in his or her own case if they so choose (ibid s1(1)(a)).</p> <p>The person's husband or wife may be a witness but only on the application of their spouse (ibid s1(1)(c)).</p> <p>No person called as a witness in a criminal case need incriminate himself or herself (ibid s1(2)).</p> <p>There are restrictions on asking witnesses questions about their own convictions (ibid s1(3)).</p>
wizard	Piece of computer software used to load other software.
wk	Week.
wkly	Weekly.
WLA	Women's Land Army.
WLR	Weekly Law Reports. Part of the citation of a court case included in this official series of reports. These reports are one of the two main official series; the other is the All England Reports.
WMA	Weighted moving average.
WMC	Working men's club.
WN	Law Reports Weekly Notes, published from 1866 to 1952.

WN (NSW)	Weekly Notes, New South Wales, Australian law reports published from 1884 to 1970.
WNP	Welsh National Party.
wo	Without.
WO	(1) War Office. (2) Warrant Office. (3) Welfare Officer.
WOB	White on black.
WOM adviser	Whole of market adviser.
woman	<p>Female adult. There are several tax provisions.</p> <p>For national insurance, between 1940 and 2020 women have been able to receive the state retirement pension and stop paying national insurance at a lower age than men. This age was 60 up to 2010, and is being harmonised to 66 over the following ten years.</p> <p>The exact scope of what constitutes a woman for these purposes was considered in <i>M. TC00638 [2010]</i> that related to a person suffering from gender dysphoria.</p> <p>Until 1977, a married woman or widow could elect to pay a reduced rate of national insurance and receive fewer benefits. That right has been removed, but those who exercised may retain them.</p> <p>Generally, the 20th century saw various changes in the law to equalise the position for men and women. These include:</p> <ul style="list-style-type: none">• 1975 equal pay, and outlawing sex discrimination• 1990 separate taxation of husbands and wives.
woman's contract	Contract of employment where the employee is a woman (Equal Pay Act 1970 s1(2)).
Women's Equality Party (WE)	Political party formed in May 2015 to campaign for equality for women.

women's institutes	Provision of facilities as such institutes may qualify as a charity under Charities Act 2011 s3(4)(a).
women's sanitary products	Another name for sanitary products , which are subject to the reduced rate of VAT under Value Added Tax 1994 Sch 7A Group 4. A definition is given in para 1. This tax is known as the tampon tax .
won	(1) Currency of South Korea. (2) Currency of different value of North Korea.
wonga	Slang for money.
WOO	Window of opportunity.
wood	For VAT, wood sold as fuel may be reduced rated under Value Added Tax Act 1994 Sch 7A Group 1 when supplied for domestic use. Further details are given in VAT notice 701/19. The wood must be held out for sale as fire wood.
wood-burning stoves	These may qualify for the reduced rate of VAT under Value Added Tax 1994 Sch 7A Group 2, from 1 January 2006.
Wood, Charles	English Liberal politician (1800-1885) who was Chancellor of the Exchequer from 6 July 1846 to 21 February 1852.
Wood's halfpence	Copper coinage that William Wood introduced into Ireland in 1723.
woodlands	<p><i>Capital gains tax</i></p> <p>No capital gains tax arises from the disposal of trees or saleable underwood from commercially managed woodlands (Taxation of Capital Gains Act 1992 s250).</p> <p><i>Inheritance tax</i></p> <p>Inheritance tax relief may be claimed for growing timber under Inheritance Tax Act 1984 s125. This defers the liability for tax until the timber is disposed of or until the next death.</p> <p><i>Income tax and corporation tax</i></p> <p>For income tax, woodlands were taxed at a nominal sum under Schedule B until 5 April 1998, after which they are</p>

not taxed at all. The management of woodlands is now regarded as a **trade**. However the commercial occupation of woodlands is not a trade (Income Tax (Trading And Other Income) Act 2005s11).

The purchase and sale of woodlands is excluded from trading income (Corporation Tax Act 2009 s134 and Income Tax (Trading and Other Income) Act 2005 s156).

Corporation tax

For corporation tax, commercial occupation of woodlands is a trade if managed on a commercial basis with a view to profit (Corporation Tax Act 2009 s38).

Wood, Sir Kingsley

English Conservative politician (1881-1943) who was Chancellor of the Exchequer from 12 May 1940 to 21 September 1943 under the coalition government of Winston Churchill.

Woolsack

Official seat of the Speaker of the House of Lords.

wool tax

A tithe payable between 1339 and 1369, similar to that paid to the church. It was levied to pay for the early years of the Hundred Years War.

word cloud

“A visual representation of the frequency with which different words appear in a piece of text” (Office of Tax Simplification Paper on Tax Definitions para 2.2.5).

words

There have been several judicial comments on how to determine the meaning of words used in tax law:

- judges may look at any provision of any statute (*Colquhoun v Brooks [1889] 2 TC 490*)
- words and phrases should follow their legal meaning if they have acquired one, and the ordinary dictionary definition when they have not (*Heaslip v Hasemer [1927] 13 TC 212*)
- where there is more than one meaning, the judge should choose the one which harmonises with the general intention of the legislation (*CIR v Wilson's Exors [1934] 18 TC 465*).

The Office of Tax Simplification has extensively looked at the issue of how tax law is drafted.

work allowance For universal credit, this is an amount that a claimant is allowed to earn before the amount of credit is reduced. If a person earns more than this allowance, the credit is reduced by 65% of the excess.

Each claimant is entitled to one, and only one, work allowance. The amount depends on whether the claimant:

- is a single person or a couple
- is responsible for one or more children
- has limited capacity for work.

workaround Temporary provisions which allows a provision to be completed when necessary information is not to hand. An example includes an all-purpose code which may be used when the proper code is not known. The **dummy UTR** for tax purposes is an example.

work availability requirement For **universal credit**, “is a requirement that a claimant be **available for work**” (Welfare Reform Act 2012 s18(1)).

work breakdown structure (WDS)

In project management, the analysis of work into separate **work units**.

It is the basic document in project management.

work capability assessment (WCA)

In social security, an assessment of how far a person is not able to work and thus entitled to receive certain benefits.

The WCA was revised on 28 March 2011 under SI 2011 No 228.

Work Choice

Government employment scheme. Wages paid under it are subject to normal PAYE rules (CWG 2 para 45).

work equipment

In relation to employee expenses, “means tools or special clothing” (Income Tax (Earnings And Pensions) Act 2003 s367(5)).

worker

General term which applies to anyone who works for someone else.

All employees are workers, but workers also includes staff provided by an employment agency, homeworkers and outworkers, casual labourers, piece-

workers and commission-only workers, seconded staff and staff on short-term contracts.

Some rights belong to all workers and not just employees. These include the right to the national minimum wage, working time regulations, discrimination and right not to have deductions from wages.

Worker Registration Scheme Scheme introduced between 1 May 2004 and 30 April 2011 that required workers from the **A8** accession states of the EU to be registered as a condition for working in the EU. The Scheme expired on 30 April 2011.

work first Social security policy adopted by UK, USA and Australia. The basic elements are to pay benefits at a low level and to provide various inducements for claimants to seek work, with penalties for non-cooperation. The alternative is known as the **human capital approach**.

work-focused health-related assessment Assessment made of a person under Welfare Reform Act 2007 s11 with a view to making a payment of **employment support allowance**. For **universal credit**, a similar definition appears in Welfare Reform Act 2012 s16(4).

work-focused interview Interview to determine entitlement to **employment support allowance**. The law is contained in Welfare Reform Act 2007 s12.

work-focused interview for partner Interview with a partner of a benefit claimant where both the claimant and partner are under the age of 60, with a view to seeing if either could support the other. Entitlement to benefit can depend on the partner agreeing to attend such an interview (Social Security Administration Act 1992 s2AA).

work-focused interview requirement For **universal credit**, "is a requirement that a claimant participate in one or more work-focused interviews as specified by the Secretary of State" (Welfare Reform Act 2012 s15(1)).

Work for Yourself

Government proposed programme of 2010 designed to assist unemployed people in starting their own businesses.

workhouse

Place where the poor could find accommodation and work under harsh conditions. They were provided from the 17th century until their final abolition in 1930. Parishes were legally required to provide workhouses from 1845.

workhouse test

Condition imposed by Poor Law Amendment Act 1834 which stated that poor relief could only be provided to those in a **workhouse**. This provision was never implemented.

It was a harsh test introduced in the mid-19th century with a view to distinguish needy poor from malingerers. Those who could not support themselves were sent to the austere regime of the workhouse, built to look like prisons, and largely function like them.

Workie

Puppet used in television commercials from 21 October 2015, sponsored by the Department of Work and Pensions to promote workplace pensions.



work induced illness

Illness that a person suffers as a consequence of their work. Some illnesses may qualify the person for certain social security benefits.

The term is used in the Inspectors' Manual at BIM37940 to explain that medical expenditure for such illness is not generally allowable. A leading case is *Norman v Golder [1944] 26TC293*.

working capital

Finance provided to support the short-term assets of the business (stocks and debtors) to the extent that these are

not financed by short-term creditors. It is calculated as current assets minus current liabilities.

working capital

Readily realisable assets minus current liabilities.

working capital cycle

Total of stock holding period plus customers collection period minus suppliers payment period.

working capital ratio

Current assets divided by **current liabilities**.

Most companies will seek a ratio between 1 and 3, though this depends heavily on the nature of the business. **Cash positive** businesses, such as supermarkets can prosper on ratios below 1.

working classes

Category of society that works for a living.

The term is now not preferred. It can be found in older legislation, such as Housing Act 1936 s34.

working conditions

General state in which an employee is expected to work.

working day

Employment tax

"A day on which the employee is at work" (Income Tax (Earnings And Pensions) Act 2003 s89(3)).

Company law

For company law, "in relation to a company, means a day that is not a Saturday or Sunday, Christmas Day, Good Friday or any day that is a bank holiday under the Banking and Financial Dealings Act 1971... in the part of the United Kingdom where the company is registered" (Companies Act 2006 s1173(1)).

Tax tribunals

For tax tribunals, the term "means any day except a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday under section 1 of the Banking and Financial Dealings Act 1971" (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 12(3)).

Small company protection

"Means a day other than —

- (a) a Saturday or Sunday,
- (b) Christmas Day or Good Friday, or
- (c) a day which is a bank holiday under the Banking

and Financial Dealings Act 1971 in the relevant part of the United Kingdom”
(Regulatory Enforcement and Sanctions Act 2008 s30D(2) as inserted by Enterprise Act 2016 s20).

EU regulations

EU council regulation 1182/71 defined a working day as “all days [sic] other than public holidays, Sundays and Saturdays”.

working dog

Sheep dog, guard dog, gun dog, racing greyhound or dog for the blind. Specially formulated food for such dogs is zero-rated whereas dog food for pets is generally standard-rated (VAT notice 701/15).

working families tax credit (WFTC)

Means-tested social security benefit introduced on 5 October 1999, and payable through the payroll from 6 April 2000. From 7 April 2003, this was replaced by the **working tax credit** which is paid by DWP directly to the claimant.

working hours

“Any time when under [a worker’s] contract of employment, or their contract personally to do work or perform services, he is required to be at work” (Trade Union and Labour Relations (Consolidation) Act 1992 s246).

working life

For purposes of an occupational pension scheme, “means the period beginning with the tax year in which the person attains the age of 16 and ending with:

(a) the tax year before the one in which the person attains the age of 65 in the case of a man or 60 in the case of a woman, or

(b) if earlier, the tax year before the one in which the person dies”.

(Pensions Act 2004 s282).\

Working Neighbourhoods Pilot

Pilot scheme of in-work credit introduced by Finance Act 1996 and defined in SI 2004 No 575.

Working Neighbours Pilot	Pilot scheme trialled from April 2004 to test the idea of in-work tax credits.
working papers	<p>All documents used in the preparation of any financial statement, such as final accounts or tax return. This may include handwritten notes or calculations on plain paper.</p> <p>All working papers must be kept with the documents to which they relate.</p> <p>The papers must be written clearly enough that an accountant, with no prior knowledge of the financial statements, can understand the working papers.</p> <p>Every separate sheet of the working papers must have three headings:</p> <ul style="list-style-type: none">• the name of the person or business to whom it relates;• the period of time to which it relates, such as identifying the financial year;• the nature of the details on the paper. <p>Accounting firms often require additional information, particularly the name of the person preparing the paper and the date it is prepared.</p>
working partner	Partner in a business who is engaged in partnership activities, unlike a sleeping partner .
working tax credit	<p>Means-tested social security benefit payable to someone in work on a low income.</p> <p>It is paid in accordance with Tax Credits Act 2002 from s10.</p> <p>The benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).</p> <p>This benefit is to be abolished and replaced by universal benefit under Welfare Reform Act 2012 s33(1)(f).</p>
Working Time Directive	<p>European Union directive 2003/88/EC issued on 22 June 2000 and binding on all member states. It updates directive 93/104/EC of 1993.</p> <p>Its main provisions are:</p> <ul style="list-style-type: none">• daily rest of 11 hours in every 24-hour period (art 3)• a rest period every six hours (art 4)• a weekly rest period of 24 hours uninterrupted (art 5)

- a working week limited to 48 hours in seven days (art 6)
- at least four weeks' holiday a year (art 7)
- maximum 8 hours of night work (art 8)
- additional provisions for night workers (arts 9-13).

There are some exceptions to these provisions.

The directive became effective under UK law from 1 October 1998 under SI 1998 No 1833. It should have become law from 23 November 1996.

Working Together (WT)

Project started in 1999 by HMRC and representatives of taxpayers to discuss matters of mutual interest. It is also the title of a newsletter produced by HMRC for tax agents.

Working Together Steering Group (WTSG)

Body which replicates locally the work done by the **National Working Together Steering Group (NWTSG)** in discussing tax issues with HMRC.

work in progress (WIP)

Value ascribed to items partly completed at the end of an accounting period. Such items are more than stock but less than completed goods. The value of work in progress is added to **stock** to give the figure for **closing stock**.

An example of work in progress is when components have been partly assembled or a partly-constructed building. Accounting standards allow an appropriate element of labour to be added to the cost of materials.

For major items of WIP, it is necessary to estimate the amount of labour so far expended. Where there are many items of similar nature, it may be sufficiently accurate to add half the labour cost required to complete an item.

The income tax provisions for valuation are given in Income Tax (Trading and Other Income) Act 2005 from s182.

The tax implication is discussed in the Inspectors' Manual at BIM33020.

workman

This term is now largely abandoned as all workers are subject to similar treatment. Historically there were significant differences for tax, social security and working

conditions.

The following is a (non-current) definition “any person of the age of sixteen or upwards employed wholly or mainly by way of manual labour, who has entered into a contract of service with an employer, whether the contract is express or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice” (National Insurance Act 1911 s107(1)).

work of art

Value added tax

For purposes of VAT:

(a) a painting, drawing or pastel executed by hand, other than hand-painted or decorated manufactured articles;

(b) an original engraving, print or lithograph; or

(c) original sculpture or statuary in any medium.

Such a work attracts a special rate of VAT of 5% (2½% before 1 July 1998).

There are special rules for valuing imported works of art, including a fuller definition, in Value Added Tax Act 1994 s21.

This arrangement also applies to **antiques** and **collectors' items**.

Inheritance tax

For inheritance tax, a **person's estate** excludes foreign works of art that are in the UK “for one or more of the purposes of public display, cleaning and restoration (and for no other purpose)” (Inheritance Tax Act 1984 s5(1)(b)).

Capital gains tax

A work of art that qualifies for inheritance tax relief may also qualify for exemption from capital gains tax (Taxation of Capital Gains Act 1992 s258).

Export licence

Certain works of art may require an export licence from the Department of Culture, Media and Sports.

- work permit** “A permit indicating, in accordance with the immigration rules, that a person named in it is eligible, though not a British citizen, for entry into the United Kingdom for the purpose of taking employment” (Immigration Act 1971 s33).
- workplace** “In relation to an employment, means a place at which the employee’s attendance is necessary in the performance of the duties of the employment” (Income Tax (Earnings And Pensions) Act 2003 s339(1)).
In guidance published in January 1998, Inland Revenue stated that a workplace could be an area rather than a specific location. Examples include a gamekeeper working in a wood or a railway worker employed on a section of line.
- workplace ballot** Ballot held by a trade union at the workers’ place of work, as required by Trade Union and Labour Relations (Consolidation) Act 1992 s228.
- workplace parking** “Means —
(a) a parking space for a car or van,
(b) a motor cycle parking space, or
(c) facilities for parking a cycle other than a motor cycle”
(Income Tax (Earnings And Pensions) Act 2003 s237(3)).
Provision of such parking by an employer is not usually a taxable benefit in kind.
- workplace phobia** Fear of the workplace.
- work preparation requirement** For **universal credit**, “is a requirement that a claimant take particular action specified by the Secretary of State for the purpose of making it more likely in the opinion of the Secretary of State that the claimant will obtain paid work (or more paid work or better-paid work)” (Welfare Reform Act 2012 s16(1)).
- Work Programme** Welfare programme introduced in 2010 to replace **Flexible New Deal** as the mandatory route for job search support and training. It increased the penalties for non-participation.

Work Programme provider	Private or voluntary organisation that is paid by Department of Work and Pensions to administer the work-related requirements of universal credit .
work-related activity	<p>Activity which a recipient of employment support allowance may be required to undertake as a condition of receiving the allowance. This includes such activities as training and community work.</p> <p>The law is contained in Welfare Reform Act 2007 s13.</p> <p>For universal credit, the term is defined as “activity which makes it more likely that the person will obtain or remain or work or be able to do so” (Welfare Reform Act 2012 s40).</p>
work-related activity component	<p>For employment support allowance, an addition to the basic allowance that is payable during the main phase after the assessment phase (usually of 13 weeks) has ended. The claimant must attend work-focused interviews and other activities designed to return the claimant to work.</p>
work-related requirement	<p>For universal credit, one of the claimant responsibilities as set out in Welfare Reform Act 2012 s13.</p> <p>The four requirements are:</p> <ul style="list-style-type: none">• a work-focused interview requirement• a work preparation requirement• a work search requirement• a work availability requirement. <p>Identical provisions apply for jobseeker's allowance under Jobseekers Act 1995 s6(2) as inserted by Welfare Reform Act 2012 s49.</p>
work-related training	Such training is a taxable benefit in kind unless within the scope of the exemptions in Income Tax (Earnings And Pensions) Act 2003 from s250.
work search requirement	<p>For universal credit, “a requirement that a claimant take —</p> <ul style="list-style-type: none">(a) all reasonable action, and(b) any particular action specified by the Secretary of State, <p>for the purpose of obtaining paid work (or more paid</p>

work or better-paid work)”
(Welfare Reform Act 2012 s17(1)).

Similar provisions apply for **jobseeker's allowance** under Jobseekers Act 1995 s6D as inserted by Welfare Reform Act 2012 s49.

workshop

(1) Place where work is undertaken, usually of a specific manual nature.

Between 27 March 1980 and 26 March 1983, small workshops attracted a capital allowance.

(2) General term for any meeting with the intention of performing a stated task, such as formulating a policy.

works transport service

“Means a service which is provided by means of a **bus** or a **minibus** for conveying employees of one or more employers on qualifying journeys” (Income Tax (Earnings And Pensions) Act 2003 s242(2)).

This usually means that an employee is not taxed on a benefit in kind when the employer arranges transport to and from work in a vehicle with at least nine seats.

works truck

“Means a goods vehicle which is designed for use in private premises and is used on public roads only —

(a) for carrying goods between private premises and a vehicle on the road within one kilometre of those premises,

(b) in passing from one part of private premises to another,

(c) in passing between private premises and other private premises in cases where the premises are within kilometre of each other, or

(d) in connection with road works at the site of the works or within one kilometre of the site of the works” (Hydrocarbon Oil Duties Act 1979 Sch 1 para 11(2)).

work tie

One of the **sufficient ties test** used in the **statutory residence test** for taxpayers.

The work tie is met if the employee works in the UK for at least three hours on each of 40 or more days of the tax year.

work unit

In project management, the tasks, activities and similar which collectively make up the project.

The work unit should have the following

characteristics:

- be measurable in terms of cost, effort, resource and time
- result in a single verifiable conclusion
- have clear start and end dates
- be the responsibility of one identified person.

workwear

The clothing which a worker wears at work. The term is usually restricted to overalls and similar protective clothing which incorporates a logo for the company.

World Health Organisation (WHO)

Specialised agency of United Nations. It was established on 7 April 1948 under a constitution agreed in 1946, and is based in Geneva, Switzerland. It took over the Office International d'Hygiène Publique from the League of Nations.

Donations of medical supplies to WHO are usually allowable as a business expenses even if the donation does not otherwise meet the requirement for an allowable business gift. Further guidance is provided in the Inspector's Manual at BIM 45200 ff.

worldwide debt cap

Tax provisions set out in Taxation (International and Other Provisions) Act 2010 Part 7 and brought into effect from 1 January 2010. The provisions can serve to restrict the amount of UK tax relief that may be claimed by an international group of companies.

Worldwide Dispatch Manager (WDM)

Service provided by Parcelforce for customers who despatch many parcels overseas. The documentation provided under this service may be used as **proof of removal** to justify zero-rating supplied to another EU member state. Further details are given in VAT notice 725.

worldwide gross debt

Figure used in determining tax provisions of **worldwide debt cap**.

World Wide Web

Information system on the Internet which allows documents to be accessed from computers. Each participant is assigned a **domain name** which typically starts www. and is followed by a stylised form of their

trading name.

worm

Fish feed

In a VAT case, worms supplied with ornamental fish could not be separately taxed. *Pier Aquatics [1990] VTD 7063*

Computer virus

Computer virus which works by clogging up a computer through excessive duplication of data until there is no memory left.

wort

“Any infusion, solution or mixture intended for fermentation as part of the process of manufacturing spirits” (Customs notice 39).

WOSB

War Office Selection Board.

wounds and bruises

Early consideration in dispute resolution.

It involves considering whether the dispute is a bruise that can be left to heal itself, or a wound that needs resolution.

wounds pension

Pension paid in respect of a wound suffered in military service or war. The pension may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s641.

WOWGR

Warehousekeepers and Owners of Warehoused Goods Regulations 1999.

WP

(1) In relation to capital allowance for plant and machinery for a period that spans 6 December 2006, “the number of days in the whole period” (Finance Act 2007 Sch 5 para 17(7)).

(2) **Without prejudice.**

(3) Word processor.

(4) **Withholding foreign partnership.**

WPICC

With-profits insurance capital component.

WR

Weekly Reporter, series of law reports published from 1853 to 1906.

WRA	(1) Welsh Revenue Authority (2) Water Research Association.
wrapper	Financial Services Authority term for an arrangement for holding investments. Examples include an individual savings account (ISA) and personal equity plan (PEP) .
wreath	For VAT, this is a standard-rated supply. It is not within the scope of the exemption for funeral services. Further details are given in VAT notice 701/32.
wreck	For merchant shipping "following a maritime casualty, means: (a) a sunken or stranded ship; or (b) any part of a sunken or stranded ship, including an object that is or has been on board such a ship; or (c) any object that is lost at sea from a ship that is stranded, sunken or adrift at sea; or (d) a ship that is about to, or may reasonably be expected, to sink or to strand, where effective measures to assist the ship or any property in danger are not already being taken" (Wrecks Convention article 4).
Wrecks Convention	"Means the Nairobi International Convention on the Removal of Wrecks 2007 done in Nairobi on 18 May 2007" (Merchant Shipping Act 1995 s255A as inserted by Wreck Removal Convention Act 2011 s1). The text of the Convention is given in Sch 11ZA of the 1995 Act.
wreck removal insurance	Insurance that a ship must hold if its gross tonnage is 300 tonnes or more. The insurance must be sufficient to pay for the removal of its wreckage. The requirements are given in article 12 of the Wrecks Convention. (Merchant Shipping Act 1995 s255J as inserted by Wreck Removal Convention Act 2011).
Wrenbury Committee	Committee that sat in 1919 to review company law. Its decisions made little difference to the law.
wrestler	A wrestler may retire on a personal pension at the age of 35, provided: <ul style="list-style-type: none">• the person had the right by 5 April 2006,• the right was unqualified in that it needed no

other person to consent,

- the right was set out in the governing

documentation of the pension scheme by 10 December 2003.

(SI 2005 No 3451, as explained in the Inspector's Manual at RPSM 03106035).

wristband

For VAT, these items are not clothing and so do not come within the scope of zero-rating when supplied for children (*Vidhani Brothers Ltd [2004] VTD 18997*).

write down

In financial accounting, process by which the value of a **fixed asset** is reduced. This is usually done routinely by **depreciation** or as a separate event such as when items are stolen or lost in a fire.

write off

Process for removing a balance from the accounts, such as when a business accepts that a bad debt will not be paid.

This is usually made by an entry in the **journal**. The double entry is debit bad debts (an expense), and credit debtors (an asset). Such an entry usually requires a high level of authorisation.

Corporation tax provisions for writing off assets are given in Corporation Tax Act 2009 s184.

writing

"Includes typing, printing, lithography, photography and other modes of representing or reproducing words in a visible form, and expressions referring to writing are construed accordingly" (Interpretation Act 1978 Sch 1).

writing down allowance (WDA)

Form of **capital allowance** which reduces a trade's liability for income tax or corporation tax.

written down value (WDV)

Value of an asset after **capital allowances** have been deducted. Note that this term differs from **net book value** which is the same original value minus cumulative **depreciation**.

written premiums

The total premiums on all policies written by an insurer during a specified period of time.

written resolution	<p>In company law, a resolution of the members of a private company as proposed by its directors or members where their views are obtained in writing.</p> <p>This procedure may be used to avoid the need to call a meeting. The procedure for written resolutions is contained in Companies Act 2006 ss288-297.</p> <p>A written resolution may not be used to remove a director or auditor.</p>
wrongful disclosure	<p>Improper disclosure of information by HMRC of a taxpayer's information. It is an offence under Commissioners for Revenue and Customs Act 2005 s19. There is an exception for public interest disclosure.</p>
wrongful trading	<p>Offence of allowing a business to continue when it is obvious that it cannot meet its liabilities (Insolvency Act 1986 s214(2)).</p> <p>If the business was <i>set up</i> with the intention of defrauding customers and suppliers, the more serious offence of fraudulent trading is committed.</p>
wroth money	<p>Feudal due paid to the lord of manor for protection.</p>
WRU	<p>Who are you?</p> <p>This was the standard code used by telex machines and similar devices to check that the message had been received by the intended recipient.</p>
WST	<p>ISO code for Samoan tala.</p>
WT	<p>(1) Working Together. (2) Withholding Foreign Trust.</p>
WTO	<p>World Trade Organisation, an organisation dealing with the rules of international trade.</p> <p>The WTO was established in 1995 and has its headquarters in Switzerland. It acts as a forum for trade negotiations; administers international trade agreements; and resolves international trade disputes. In 2004, the WTO had 147 member states.</p> <p>The UK has a permanent seat on the WTO which it cannot occupy as a member of the European Union.</p>

WTSG Working Together Steering Group.

WVa West Virginia, US state.

WVS Women's Voluntary Service.

Wyo Wyoming, US state.

X

X

- (1) Roman numeral for 10.
- (2) Equivalent to a national insurance contribution letter, once used to denote no national insurance liability.
- (3) In mathematics and general use, the first unknown quantity or person.
- (4) Abbreviation used for a non-UK resident in relation to capital gains tax (Taxation of Capital Gains Act 1992 s271J(2)).
- (5) In relation to residence nil rate band for inheritance tax, means the attributable portion of the value transferred by a conditionally exempt transfer, as set out in Inheritance Tax Act 1984 s8M(2) as inserted by Finance (No 2) Act 2015 s9.
- (6) First character in a 14 or 15-digit payment reference provided by HMRC which should be quoted when making a payment.

xa Abbreviation for **ex all**.

XAF **ISO code** for CFA franc.

XB **Christmas bonus**, social security benefit. This abbreviation appears on claimant's bank accounts.

XCD **ISO code** for East Caribbean dollar.

XD

- (1) Ex-dividend. This is the interval between the announcement and payment of the next dividend or, in the case of a unit trust, the income distribution. Someone who invests during the interval between two distributions and is not entitled to the dividend. With an income-paying unit trust, the 'xd' date is usually about eight

weeks before its distribution date.
(2) Ex-directory.

XDR **ISO code** for IMF special drawing rights.

XE Currency authority. Its website is <http://www.xe.com/company>.

XE currency data Data on world currencies provided by **XE**.

XML Extensible Mark-up Language.

XML VAT Returns Service Service offered by HMRC to tax agents with many VAT clients. The service allows the agent to file many VAT returns and EC Sales Lists at the same time.

XML wrapping tool Software needed to deliver messages to Customs using **XML** in the export of goods.

XOF **ISO code** for CFA franc.

XPF **ISO code** for CFP franc.

xu One hundredth of a dong, currency of Vietnam.

Y

Y **Tax code**
Suffix for a **tax code** used for someone entitled to the age allowance for a person born before 6 April 1935, but who is not entitled to the addition for being married.

National insurance

National insurance contribution letter for a mariner aged under 21. It was introduced in April 2015.

Up to 1999/2000, it was used as the equivalent to a national insurance contribution letter that was used until 1999/2000 to denote a class 1A liability.

Other meanings

- (1) Second unknown person or quantity.
- (2) Old Roman numeral for 150.

(3) Abbreviation: yuan, currency of China.

(4) Abbreviation: yen, currency of Japan, though symbol ¥ is more commonly used.

¥	Symbol for yen, currency of Japan.
yacht	VAT leaft 701/20 notes that a yacht is unlikely to qualify for zero-rating as a houseboat .
Yahoo	An Internet search engine.
Yamaichi	Leading Japanese company dealing in securities.
yard	Imperial unit of length equal to 3 feet, 36 inches or 0.9144 metres. There are 1,760 yards in a mile.
YB	Year book.
Y Bwrdd Ystadegau	Welsh: Statistics Board .
Y&CC	Younge & Collyer's Company Cases, series of law reports published from 1841 to 1843.
year	<p>Unit of time based on how long the earth takes to revolve round the sun. This is 365.24219 days. For convenience, the year is divided into 365 days except for leap years which have 366 days. These are every fourth year, except that (since 1752) a year ending 00 is only a leap year if it divides by 400, so 2000 was a leap year but 1900 was not.</p> <p>The year is divided into 12 months of between 28 and 31 days. It is also divided into 52 weeks and 1 day (2 days in a leap year) to accommodate which there are special week 53 provisions for PAYE.</p> <p>The calendar is defined in Calendar (New Style) Act 1750.</p> <p>The term calendar year is used for the period from 1 January to 31 December when a distinction needs to be made from other types of year such as the financial year, tax year or academic year.</p>
year book	Document published every year, describing the activities of a particular body.

yearly interest	Another term for annual interest .
year of assessment	Year whose income or profit is subject to income tax or corporation tax.
year of departure	Last tax year of assessment before a temporary non-resident leaves the UK (Taxation of Capital Gains Act 1992 s10A(8)).
year of expected first production	In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 s332FB(5).
year of return	Tax year in which a temporary non-resident leaves the UK (Taxation of Capital Gains Act 1992 s10A(1)) and Income Tax (Trading and Other Income) Act 2005 s368A(3)).
year of transfer	In relation to attribution of gains to beneficiaries, "means the tax year in which the transfer occurred" (Finance Act 2008 Sch 7 para 121(2)).
year to date (YTD)	Amount which represents a cumulative total from the start of a defined year. It is used in payroll to calculate PAYE.
years of discretion	Age at which a boy or girl is regarded as being capable of making moral judgments.
yeast	<p>Micro-organisms that are used to ferment sugar into alcohol. The commonest species used for this purpose is <i>Saccharomyces cerevisiae</i>.</p> <p>When sold as a product for use in food, yeast is generally zero-rated.</p> <p>A preparation or extract of yeast is specifically zero-rated for VAT. Under Value Added Tax 1994 Sch 8 Group 1, food is generally zero-rated. Excepted Item 3 standard-rates beverages. Items Overriding The Exception 4 reverses the exception, thus reinstating the zero-rating.</p> <p>Further guidance is given in VAT Notice 701/14.</p>
Yellow Book	Name for the book <i>Admission of Securities to Listings</i> issued by the London Stock Exchange. It was a looseleaf book in a yellow cover.

It has been superseded by material from Financial Services Authority.

yellow dog contract	Old American term for a contract between employers and employees to prevent the latter from joining a trade union. It was made illegal in the USA in 1932.
yellow flag	Another name for a Q flag . This is flown by a yacht arriving from outside the EU while awaiting clearance by Customs and Immigration.
Yemen	Arab state. Its currency is the riyal of 100 fils. The UK has no double taxation treaty.
yen	Currency of Japan.
YER	ISO code for Yemeni rial.
yes-man	Sycophant who routinely agrees with his boss to succour favour.
yield	Return seen as a percentage on the investment.
YJB	Youth Justice Board.
yn ddyddiol	Welsh: daily
yn fisol	Welsh: monthly
yn flynyddol	Welsh: annually
yn wythnosol	Welsh: weekly
yocto-	Prefix used in metric units. It means 10^{-24} .
yogurt	For VAT, this is zero-rated as food except when sold to be eaten while frozen (VAT notice 701/14). Yogurt to be eaten when frozen is excepted by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 1. Yogurt to be eaten unfrozen, though it may have been frozen for storage, is standard-rated under Item Overriding The Exception 1 in the same section.

Yorks	Yorkshire.
YOS	Youth Offending Service.
yotta-	Prefix used in metric units. It means 10^{24}
young carer	“Means a person under 18 who provides or intends to provide care for an adult” (Care Act 2014 s63(6)).
young carer's assessment	An assessment a local authority may be required to make for a young carer under the provisions of Care Act 2014 s64.
young child	In relation to free childcare, means a child under the age of 5 (Childcare Act 2016 s1(9)).
young children	Children below the age of 14. For VAT, clothing for young children may qualify for zero-rating under VATA 1994 Sch 8 Group 16, as explained in VAT notice 714. It was unsuccessfully argued that the term should mean children under the age of 16 in the case <i>NA Gura (t/a Vincent Footwear) [2001] VTD 978</i> .
Young People's Learning Agency (YPLA)	Body formed in April 2010 to provide further education and apprenticeships for people aged between 16 and 19. It is established by Apprenticeships, Skills, Children and Learning Act 2009. It replaced the Learning Skills Council which replaced training and enterprise councils which replaced the Manpower Services Commission .
Young Review	Review conducted by government actuary Andrew Young into lost pensions . The government accepted his review, which led to the Financial Assistance Scheme .
Youth Contract	Government-backed scheme to reduce unemployment among unemployed people aged between 18-24. It was announced in Autumn Statement 2011. Payments are subject to PAYE tax (CWG 2 guide para 45).
youth rate	Another name for the reduced rate of national minimum wage for workers aged between 18 and 21. The term was used before October 2002.

Youth Training Scheme (YTS) Training scheme introduced in 1983 to provide one year's job training for school leavers aged 16 or 17. It was extended to two years in 1986. Participating employers had to provide 13 weeks of training in work and social skills, and provide a certificate.

In 1989, it was renamed **Youth Training** and made the responsibility of **Training and Enterprise Councils (TECs)**. These functions are now undertaken by the **Learning and Skills Council** and equivalent bodies. These were themselves replaced in 2010 by **Young People's Learning Agency (YPLA)**.

YouTube Popular website on which video clips may be uploaded. HMRC has posted video clips on tax matters.

yo-yo allowance Nickname given to **annual investment allowance**, in respect of the fact that the allowance has gone up and down frequently for no obvious reason.

YPLA **Young People's Learning Agency.**

yr Year.

YTD **Year to date.**

YTS **Youth Training Scheme.**

yuan Unit of currency in China.
Gold coins from 5/20 to 1,000 yuan may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).

Y Weinyddiaeth Gyliawnder Welsh: Ministry of Justice.

Z

Z ***National insurance***

From 6 April 2015, national insurance contribution letter used for employees aged under 21 in not contracted-out deferred rate contributions.

Previously this contribution letter has been used for

share fishermen.

Other meanings

(1) Third unknown quantity or person.

(2) Old Roman numeral for 2000.

Z\$	Abbreviation: Zimbabwe dollar.
Zaire	Former name of the Congo , used between 1970 and 1997.
Zambia	<p>African country. Its currency is the kwacha of 100 ngwee. The UK has a double taxation convention of 1972 amended by a protocol of 1981. It also has a double taxation agreement of 2014.</p> <p>A pension paid from this country may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s643.</p>
ZAR	ISO code for South African rand.
zepto-	Prefix used in metric units. It means 10^{-21}
zero	Nothing, expressed as a number.
zero-based budget	Budget where all expenditure starts at zero and must justify itself afresh each year, rather than just uplifting last year's figure.
zero-basing	Management policy of keeping to one's core activities. It is also known as sticking to your knitting . The opposite can be called buy a cow .
zero-carbon goods vehicle	Goods vehicle that emits no carbon dioxide. Such a vehicle attracts an enhanced capital allowance from April 2010 for five years.
zero-carbon home	Dwelling which provides no net carbon dioxide. Such a dwelling is entitled to stamp duty land tax relief from 1 October 2007 to 30 September 2012 under Finance Act 2003 s58B as inserted by Finance Act 2007 s19.
zero-coupon bond	In investing, a bond which pays no interest, but which is sold at a discount allowing a capital gain to be made

when it is redeemed.

zero duration gap

Duration gap of zero, that is when the life of assets and the life of liabilities are the same.

zero-emission

Description of car that does not emit carbon dioxide under any circumstances. Under Finance Act 2010 ss58-59, the provision of such a car to an employee between 2010/11 and 2014/15 is a benefit of nil for income tax purposes.

zero-emission van

Electric van or other goods vehicle weighing up to 3.5 tonnes that does not produce any carbon dioxide in its exhaust emission.

Until 5 April 2015, there was no taxable benefit when provided to an employee for his or her private use. Between 2015/16 and 2019/20, the charge is phased in:

Tax year	Percentage of charge
2015/16	20%
2016/17	40%
2017/18	60%
2018/19	80%
2019/20	90%
2020/21	100%

The rates are given in Income Tax (Earnings and Pensions) Act 2003 s135 as amended by Finance Act 2015 s10.

zero-hours contract (ZHC)

Contract of employment where the employer only pays the worker for the hours actually worked.

Where the contract prevents the worker working for someone else, this is known as **exclusivity**. This is generally outlawed under Employment Rights Act 1996 s27A as inserted by Small Business, Enterprise and Employment Act 2015 s153(2).

zero inflation

State when there is no inflation in the economy.

Zero Rate Certificate

A certificate that a customer gives to a supplier to enable the supplier to zero-rate the construction of a building, a supply of land, or a supply of fuel and power. It is only

allowed in specific circumstances.

zero-rated

Subject to VAT at a rate of 0%.

Note that zero-rated supplies are still **taxable**.

Unlike **exempt** supplies, it is possible to claim **input tax** in respect of zero-rated supplies.

zero-rated schedule

Value Added Tax Act 1994 Schedule 8. This lists 16 Groups of supply which are zero-rated:

1 Food	9 Caravans and houseboats
2 Sewerage and water	10 Gold
3 Books etc	11 Bank notes
4 Talking books etc	12 Drugs, medicines etc
5 Construction	13 Imports and exports
6 Protected buildings	14 Tax-free shops
7 International services	15 Charities etc
8 Transport	16 Clothing and footwear

The exact scope of each Group must be carefully considered before zero-rating an item. For example, most imports and clothing are standard-rated despite the terminology used above.

zero-rating

The VAT law is contained in Value Added Tax Act 1994 s30.

zero-sum game

Situation where there is no scope for enlarging a market or opportunity, so one person can only gain if someone else loses.

zetta-

Prefix used in metric units. It means 10^{21}

ZEV

Zero-emission vehicle.

ZHC

Zero-hours contract.

Zhr

Zero hour.

zillmerising

“Method known by that name for modifying the net premium reserve method of valuing a long-term insurance contract by increasing that part of the future premiums for which credit is taken so as to allow for

initial expenses" (FCA glossary).

Zimbabwe	African country formerly known as Rhodesia. Its currency was the Zimbabwe dollar which became worthless in 2009 from hyperinflation. Other currencies such as US dollar and South African rand are used in practice. The UK has a double taxation convention of 1982.
Zimbabwe dollar	Currency of Zimbabwe. The currency in effect became worthless in 2009.
zip code	In USA, system of five-digit numbers to assist in delivery of post. It serves a similar function to the UK postcode .
Z list	Total of transactions that can be produced from most modern forms of till. These are widely used in tax investigations.
zloty	Currency of Poland.
ZMW	ISO code for Zambian kwacha.
zombie business	Term coined in 2012 for a business that is making a loss, but where the banks decline to foreclose to avoid taking the losses on to their books.
zombie contract	Contract that exists imposing a continuing liability on a party who no longer receives a benefit, such as paying to maintain a computer system that is not used.
zombie debtor	Person who takes out a loan but only pays the interest, leaving the capital unrepaid.
zombie household	Household that took out a mortgage which it had no realistic hope of repaying before the 2008 banking crisis. About two-thirds of the 12,000 mortgage products then available were targeted at credit-impaired borrowers.
zombie project	Business jargon for a project that comes back to life after it was supposedly killed.
zone	Area which has been designated for a particular purpose, such as an enterprise zone .

zone time	The time in a particular zone of the world.
zoo	<p>Admission to a zoo can be exempt from VAT as supply of a cultural service under Value Added Tax 1994 Sch 9 Group 13 Note 2.</p> <p>The extent to which input tax may be reclaimed for animal feed was considered in the case <i>Twycross Zoo (No 1) VTD 19548 [2004]</i>.</p>
Zulu principle	Doctrine espoused by British financier Jim Slater (1929-2015) that good targets can be found among small companies by researching them thoroughly. It was based on his dictum that anyone who reads a few books about Zulus will be regarded as a world expert because most people know nothing about Zulus.
ZWD	ISO code for Zimbabwean dollar.
zymurgy	Science of fermentation .

Numbers

OT code	For PAYE, a special code “which without allowing for personal allowances, effects deductions of tax at the basic rate, higher rate and additional rate so that during the tax year the amounts subject to deductions at the rate or rates concerned are in accordance with section 19 if ITA [Income Tax Act 2007] (income charged at the basic, higher and additional rates: individuals)” (PAYE regulations SI 2003 No 2682 s7(3)(ca)).
0300 numbers	<p>Telephone numbers that start with 0300. HMRC started to use these numbers for its helplines from 13 June 2013. The process was completed by 30 June 2015.</p> <p>These are usually cheaper to call than 0845 numbers they replace.</p>
07 brigade	Colloquialism for workers in the black economy who market their services by offering a mobile telephone number (beginning 07) and only using a Christian name.

- 1:2 benzopyrone** Approved marker for hydrocarbon oils under Hydrocarbon Oil (Designated Markers) Regulations SI 1996 No 1251 para 2(2). This substance was called Coumarin before 1 April 2015.
- 1, 4-dihydroxanthraquinone** Approved marker for hydrocarbon oils under Hydrocarbon Oil (Designated Markers) Regulations SI 1996 No 1251 para 2(2).
- 2 and 20** Typically fee for a manager of a **hedge fund**. He receives 2% of the fund's net assets each year and a performance fee of 20% of its profit. The managers do not share any loss.
- ((3-(sec butyl)-4-(decyloxy)phenyl)methanetriyl)tribenzene** Approved marker for hydrocarbon oils under Hydrocarbon Oil (Designated Markers) Regulations SI 1996 No 1251 para 2(2). This was added from 1 April 2015.
- 3 series** Series of codes used on the HMRC **SAFE** computer system to record penalties incurred by taxpayer.
They are listed in the Inspectors' Manual at DMBM115020.
- 3 year period** Period for which loan stock must not be convertible to ordinary shares for incidental costs to be tax-deductible (Income Tax (Trading And Other Income) Act 2005s59(1)(b)).
- 3½% war loan 1952** There are some special tax provisions for certain non-UK residents who hold this security. Details are in Income Tax (Trading and Other Income) Act 2005 s154A.
- 5-year forecast** For the **Scottish Fiscal Commission** "in relation to a report prepared under section 2(2), means a forecast in respect of the financial year for which the report is prepared and each of the 4 subsequent financial years" (Scottish Fiscal Commission Act 2016 s3(2)).
- 5-year post-investment period** In relation to venture capital trusts, the term "means the period of 5 years beginning with the day after the investment date" (Income Tax Act 2007 s292AB(8) as

inserted by Finance (No 2) Act 2015 Sch 6.

6 April 1965 value

Capital gains tax is not charged on gains arising before this date. Further details are given in Taxation of Capital Gains Act 1992 Sch 2.

10-K

The form which an American public company must complete to file its accounts with the New York Stock Exchange.

10-Q

The form which an American public company must file each quarter to the New York Stock Exchange.

15% holding limit condition

One of the conditions set out in Income Tax Act 2007 s274 for an investment to qualify for **venture capital trust** tax relief.

The condition is broadly that, the holding does not represent more than 15% of the investor's investments. This condition is further explained in s277.

18-25 trust

Another name for what is properly known as an **age 18-25 trust**.

20% rule

In relation to investment managers and the income of non-residents, this rule is set out in Income Tax Act 2007 s819. For the remittance basis, the rule is defined in Income Tax Act 2007 s835N.

20% time

Term used by some modern companies, particularly involved with software development.

During this time, employees are free to develop their own ideas and submit them to the company. Google claims that 50% of its new ideas have come from 20% time.

30-day presence rule

For the purposes of the **statutory residence test**, a rule that any home attended by a taxpayer for fewer than 30 days (which need not be consecutive) may be disregarded in determining whether the taxpayer has sufficient ties for the second automatic UK residence test.

30-day rule

Capital gains tax

Capital gains tax rule that applies when shares are acquired within 30 days of selling them.

VAT groups

HMRC policy that claims for a retrospective amendment to a VAT group should not be permitted if it requires amendment of VAT returns already submitted. This issue is discussed in the case *Capthorn Holdings Ltd [2015] TC 4582*.

30% eligible shares condition One of the conditions set out in Income Tax Act 2007 s274 for an investment to qualify for **venture capital trust** tax relief.

The condition is that “at least 30% by value of the company’s qualifying holdings has been or will be represented throughout the relevant period by holdings of relevant shares”.

40 per cent test A test used to identify who controls a **controlled foreign company**. The test is set out in Income and Corporation Taxes Act 1988 s755D.

41G (Trust) Form used to notify HMRC that a **trust** has been created.

50/10 ratio Measure of wage inequality, calculated by dividing earnings at the 50th percentile by those at the 10th percentile.

50:50 rule Rule used in the agreement between HMRC and the British Air Transport Association in relation to capital allowances for jet aircraft, on whether they are treated as long-life assets. Unless specifically excepted, a jet is regarded as 50% long-life asset and 50% normal plant and machinery. The issue is explained in the Inspector’s Manual at CA23782.

51% subsidiary Term used in tax law to denote a subsidiary where the parent owns or controls more than 50%. It is not necessary to own 51% or more, as 50% + 1 share is sufficient.

It is a condition of group relief that a parent must have **effective 51% control** of a sub-subsiary to be in a group (Corporation Tax Act 2009 s766).

64-8 Form used to register as a tax agent with HMRC.

70-day period	Period of 70 days in which the status of an immigrant may be investigated (Immigration Act 2014 s50(11)).
70% qualifying holdings condition	<p>One of the conditions set out in Income Tax Act 2007 s274 for an investment to qualify for venture capital trust tax relief.</p> <p>The condition is that “at least 70% by value of the company’s investments has been or will be represented throughout the relevant period by shares or securities included in the qualifying holdings of the company”.</p>
75% subsidiary	For group relief purposes, a subsidiary where the parent owns or controls more than 75% (Corporation Tax Act 2009 s765).
80% payment test	For diverted profits tax, the term is set out in Finance Act 2015 s107(7).
80% test	<p>Requirement of enterprise investment scheme that at least 80% of the capital raised under the scheme must be “employed in the business”.</p> <p>An example where this test became an issue can be found in the case <i>Skye Inns Ltd and C Richards. TC304 [2009]</i>.</p>
80-20 rule	Another name for the Pareto principle .
90/50 ratio	Measure of wage inequality. It is measured by taking earnings for the 90 th percentile and dividing by those for the 50 th percentile.
90-day rule	Provision of Taxation of Capital Gains Act 1992 s22C that, from 6 April 2015, requires a person to have spent at least 90 days of the tax year in a property for it to be regarded as a dwelling.
90-day tie	<p>One of the sufficient ties test used as part of the statutory residence test for taxpayers.</p> <p>The test is met if the taxpayer spent at least 90 days in the UK in either or both of the previous two tax years.</p>

90% equity holding	Condition for merger relief . The exact terms are set out in Companies Act 2006 s613.
90% rule	Business management rule that careful planning and forethought will result in getting about 90% of a project right. There is always 10% that can only be learned from experience.
90% subsidiary	Defined in Income Tax Act 2007 s301 as a subsidiary where the holder is entitled to at least 90% of the profits available for distribution.
91-day rule	Another name for the substantial and habitual visits rule that was used to establish ordinary residence .
99/90 ratio	Measure used to indicate inequality at high levels of wages. It is calculated by dividing wages at the 99 th percentile by those at the 90 th percentile.
666	Number of the mark of the beast , on which there has been a tax case.
125% mortgage	Mortgage which offers 125% of the value of a property. The lender would regard the additional 25% as likely to be secured by inevitable property value increases and the additional value of improvements funded from the additional loan. Such mortgages were offered by Northern Rock before it was nationalised.
1982 holding	Holding of shares acquired before 1982 which are subject to special provisions for capital gains tax under Taxation of Capital Gains Act 1992 s109.
1983 Act	"Means the Value Added Tax Act 1983" (Value Added Tax 1994 s96(1)).
2013 Champions League final	Means "the final of the UEFA Champions League 2012/13 competition held in England in 2013" (Finance Act 2012 s13(6)).
£30,000 threshold	Limit for employment termination payments. Its provisions are set out in Income Tax (Earnings And Pensions) Act 2003 from s403.

£10-100 million cases	Tax disputes where the tax under consideration is between £10 million and £100 million. A sample of such cases should be referred to the Tax Disputes Resolution Board for guidance (HMRC Notice of 20 December 2013).
£100 million cases	Tax disputes where the tax under consideration is at least £100 million. Such disputes should usually be referred to the Tax Disputes Resolution Board for guidance (HMRC Notice of 20 December 2013).
£500 million adjustment	Tax dispute where the adjustment to tax payable is at least £500 million. Such a dispute should be referred to the Tax Disputes Resolution Board for guidance (HMRC Notice of 20 December 2013).

Non-English alphabets

Αριθμός Φορολογικού Μητρώου

Greek: value added tax number

Φόρος Προστιθέμενης Αξίας

Greek: value added tax

Ідентифікаційний номер платника податків

Ukraine: value added tax number

Идентификационен номер по ДДС

Bulgarian: value added tax number

Идентификационный номер налогоплательщика

Russian: value added tax number

Учетный номер плательщика

Belarus: VAT number

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