



Leach's Tax Dictionary

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020 8224 5695.

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K

K

Tax code

Form of **tax code** where the letter appears *before* the number. This code is used in the PAYE system for employees where an amount must be *added* to their gross pay to determine their taxable pay. The more common arrangement is that an amount is deducted to reflect a portion of the annual personal allowance. A K code commonly arises when an employee has many taxable benefits in kind or has a large amount of unpaid tax from a previous period. K codes were introduced in 1993.

The amount that is added may be determined from the same tables (Table A) used to calculate the deductions for other tax codes. K codes operate cumulatively, but the amount of tax collected cannot exceed half of the gross pay in any pay period. Any excess is carried forward to a future pay period.

Abbreviation

Abbreviation for a thousand, so £20K means £20,000.

National insurance

National insurance contribution letter for employees who under 21 and pay contracted-out deferred rate contributions. This letter is only used for the 2015/16 tax year.

Previously, the letter was used for certain ocean-going mariners.

Vehicle excise duty

Rate band for vehicles with emissions:

- between 201 and 225 gm/km, and
- above 225 gm/km and registered before 23 March 2006.

Other meanings

- (1) In science, a degree of temperature measured on the Kelvin scale.
- (2) Prefix that denotes a kilo, or 1000.
- (3) Old numeral denoting 250.
- (4) In mathematics, a symbol denoting a constant quantity.
- (5) Abbreviation: kip, currency of Laos.

- (6) Abbreviation: kwacha, currency of Malawi.
- (7) Abbreviation: kyat, currency of Myanmar.
- (8) Abbreviation: kina, currency of Papua New Guinea.
- (9) Abbreviation: kwacha, currency of Zambia.

kaffir	Old term used on London Stock Exchange for South African shares, particularly in goldmines.
Käibemaks	Estonian: value added tax.
kangaroo	For VAT, live kangaroos are standard-rated, but kangaroo meat prepared for human consumption is zero-rated (VAT notices 701/14 and 701/15).
kangaroo court	Irregular court or tribunal that lacks authority and flouts proper procedure.
kapitalvinningskattur	Tax on capital gains in Faroe Islands. It comes within the scope of the UK/Faroes Double Taxation Convention.
kappa	Tenth letter of Greek alphabet, denoted by the symbol K or lower case χ . As a number it denotes 20 or 20,000.
karat	Alternative but less common spelling of carat in relation to purity of gold.
Kazakhstan	Eastern state that gained its independence from Russia in 1991. Its currency is the tenge of 100 tiyn. The UK has a double taxation convention of 1994 amended by a protocol of 1997.
KB or KBD	King's Bench Division. Since 1875, part of the citation of a court case heard in this division of the High Court during the reign of a king (ie from 1900 to 1952).
KBC Bank	Belgian bank founded in 1985.
Kc	Korun or koruna , currency of the Czech Republic.
K code	PAYE tax code that <i>adds</i> amounts to gross pay to arrive at taxable pay. This usually arises when an employee receives benefits of a greater value than his or her personal allowances. The legal definition is "a code which gives rise to additional pay or total additional pay to date" (PAYE Regulations SI 2003 No 2682 reg 7(2)).
KD	Abbreviation: Kuwaiti dinar.
KDB	Knowledge development box.
Keeper	In Scotland, the term is used to mean the Keeper of the Registers of Scotland.
Keeper of the Privy Purse and Treasurer	Member of the Royal Household responsible to the Queen for the finances

and general administration of the household, including the **Sovereign Grant**.

Keeper of the Registers of Scotland

Body to whom **Revenue Scotland** may delegate functions under Revenue Scotland and Tax Powers Act 2014 s4(1)(a)).

keeping in touch (KIT)

Day in which a woman may work during a **maternity pay period (MPP)** without that period ending.

KIT days have only been permissible for births expected from 1 April 2007. A woman may take up to ten KIT days.

She is entitled to be paid **statutory maternity pay (SMP)** for KIT days. Any additional payment is a matter to be agreed between her and the employer. It is usual to add a sum equal to a normal day's pay less one day's SMP.

If a woman works more than ten KIT days, her SMP is stopped for the whole of the week in which she works each additional day.

A day is only a KIT day if she returns to *work*. A return to show colleagues for purely social reasons, such as to show her baby to her colleagues, is not a KIT day.

keeping open account

Situation when merchants agree to honour each other's **bills of exchange**.

keeping the score

One of three traditional functions of management accounting. The other two are directing attention and problem solving.

keg

Small **barrel** used to store beer.

In the USA, the standard size is 15.5 US gallons (12.7 UK gallons), which is half the standard barrel.

keine Antwort is auch eine Antwort

German: no answer is still an answer.

Kennedy Round

Sixth round of talks under General Agreement on Tariffs and Trades that started in 1967 and achieved significant reductions in industrial and agricultural tariffs.

kennels

Under the VAT flat rate scheme, the appropriate percentage for boarding or caring for animals is:

From	Percentage
4 January 2011	12%
1 January 2010	10.5%
1 December 2008	9.5%
1 January 2004	10.5%

Kenya

African state. Its currency is the Kenyan shilling of 100 cents. The UK has a double taxation convention of 1973 amended by a 1976 protocol.

4imil pension plan	In the USA, a deferred retirement savings plan. Contributions are based on a percentage of earnings.
kept hot	<p>For the purposes of VAT on food, "something is kept hot after being heated if the supplier stores it in an environment which provides, applies or retains heat, or takes other steps to ensure it remains hot or to slow down the natural cooling process" (Value Added Tax 1994 Sch 8 Group 1 Note (3D) added from 1 October 2012).</p> <p>The consequence of food being kept hot is that it is standard-rated for VAT.</p>
kerb appeal	Making a house for sale look attractive from the street to increase its sale price.
kerb market	Trade deals done outside normal dealing hours, traditionally on the kerb of the stock exchange.
kermis	Fair in the Low Countries, an indoor fair in the USA, and similar types of fair.
kerogen	Organic matter in oil-shale which gives oil on distillation.
kerosene	<p>"Means heavy oil of which more than 50% by volume distils at a temperature of 240°C or less" (Hydrocarbon Oil Duties Act 1979 s1(8)).</p> <p>The same definition, but with "degrees" written as a word, appears in Hydrocarbon Oil Regulations SI 1973 No 1311 reg 2.</p> <p>In the dictionary, the word is defined as an older spelling kerosine⁴.</p>
4kerosine	Paraffin oil obtained from shale or by distilling petroleum.
KES	ISO code for Kenyan shilling.
key area	One of 12 objects which a body must meet to be given charitable status .
keyboard	Device with keys to be operated by a person such as to enter data into a computer. The commonest keyboard is the QWERTY keyboard. Other types include keypads for numbers and piano keyboards for music.
key industry	In economics, an industry that is essential to the prosperity of a country.
keyman insurance	Insurance policy taken out on the life or health (or both) of a director or senior employee whose death or incapacity would have a serious impact on the business's prosperity.
key management	"Those persons in senior positions having authority or responsibility for directing or controlling the major activities and resources of the reporting entity" (FRS 8 para 2.3).
key money	Premium paid to acquire use of rented premises.

Keynesian	Relating to the economic policies of the economist John Maynard Keynes (1883-1946).
keypad	Device of numerical keys designed to enter digits rather than text.
key performance indicator (KPI)	<p>In accounting and investment, a figure that represents how well a business has performed.</p> <p>The exact range of KPIs is a matter of opinion, but will typically include:</p> <ul style="list-style-type: none">• turnover• net profit• earnings per share• dividend per share• capital expenditure• gearing• sales growth• net indebtedness.
key person insurance	Insurance designed to protect a business against the loss of income resulting from the disability or death of an employee in a key position.
key rate	Main rate from which other interest rates are calculated.
Key Stage 4	In relation to reporting on low-income households , means “the fourth key stage, within the meaning of Part 6 of the Education Act 2002” (Child Poverty Act 2010 sA1A(6) as inserted by Welfare Reform and Work Act 2016 s5).
KfW Bankengruppe	German promotional bank that has a formal advisory role in the British Green Investment Bank .
KGS	ISO code for Kyrgyzstan som.
kharif	Crop sown before the monsoon in India.
khoum	One fifth of a ourgiya, currency of Mauritania.
KHR	ISO code for Cambodian riel.
KIA	Killed in action.
kickback	Colloquialism for an illegal payment to secure a contract.
kicker	Business jargon for something added to a deal to make it more attractive.
kiddie tax	Colloquialism for the tax charged in the USA on the parents for the income of children under 14. The law is different in the UK.
kiddleywinks	Colloquial name for a Cornish ale house formed under Beer Act 1830 to promote beer in preference to gin.

kidnap	<p>Forcible removal of someone, often with a view to securing a ransom for their release.</p> <p>Payment to a kidnapper is not tax deductible, as it is a criminal payment under Corporation Tax Act 2009 s1304.</p> <p>The matter is discussed in the Inspectors' Manual at BIM 43180.</p>
kilderkin	<p>Barrel; liquid measure of 18 gallons.</p>
killed in action (KIA)	<p>Scheme that provided tax relief from estate duty for people killed or missing in action during the second world war. There were two schemes for deaths before 12 March 1952. These provisions can still be relevant if claiming transferable nil rate band for inheritance tax, as explained in <i>HMRC Inheritance Tax and Trusts Newsletter April 2009</i>.</p> <p>The first scheme was of <i>complete exemption</i>, and applied to a death from any cause (not necessarily related to military action) while a person was serving in the armed forces, and had the rank up to corporal (army), chief petty officer (navy) or equivalent air force rank.</p> <p>The second scheme was of <i>conditional exemption</i>, and applied to all service ranks and all civilians drowned or killed within 12 months from war injuries suffered between 3 September 1939 and 31 March 1948. (The later date allowed for deaths from the blitz and torpedoing). The remission was for the first £5,000 of property. A reduced rate of estate duty was charged on any excess if the property passed to a close relation.</p> <p>These schemes are entirely separate from the reliefs for death from active service, as set out at Inheritance Tax Act 1984 s154.</p>
kilning	<p>Heating in a kiln, in particular this is a process in brewing when barley that has been steeped in water is kilned to stop the germination.</p>
kilo-	<p>Prefix used in metric units. It means 10³ or one thousand.</p>
Kimberley Process Certificate	<p>Certificate that is needed to import rough diamonds into the UK from outside the European Union.</p>
kina	<p>Currency of Papua New Guinea. It comprises 100 toea.</p>
kinchin	<p>Slang term for a child who is easily robbed.</p>
kincob	<p>Indian silk fabric embroidered with gold or silver thread.</p>
kindergarten	<p>Infant school, particularly one modelled on Froebel's principle of 1826.</p>
Kindle	<p>Name of an e-book reader launched by Amazon in 2007. It allows hundreds of books to be stored on a device that fits in a pocket. By 2015, more than 3 million books could be downloaded to the device.</p>
kindred and affinity	<p>Table of people to whom a person may not be married under canon law. For the Church of England, this table is set out in Canon B31.</p> <p>The table has statutory authority under Marriage (Prohibited Degrees of</p>

	Relationship) Act 1986 as amended.
king	Male monarch.
King, Mervin	English banker (1948-) who was governor of the Bank of England from 1 July 2003 to 30 June 2013.
King's Beam	Weighing machine used by Customs in 14 th century.
King's Bench	Division of the High Court during the reign of a king.
kink test	Capital gains tax provision that related to the value of shares. The term applies to shares held on 6 April 1965 (when the tax was introduced) and disposed of between 7 April 1965 and 31 March 1982. The test allowed the acquisition price to be substituted for the April 1965 value if the former is greater. The term comes from the shape of a graph of the value of such a share against time. Further guidance is found in the Inspector's Manual at CG 51601.
kinnikinick	Mixture of plant material used by American Indians as a substitute for tobacco. Should it be sold in the UK, it is subject to tobacco duty.
Kinnock, Neil	Welsh-born Labour politician (1942-) who was leader of the Labour party from 2 October 1983 to 18 July 1992. He was European Commissioner for Administrative Reform from 16 September 1999 to 21 November 2004.
kinship carer	Person who cares for a person to whom they are related.
kip	Currency of Laos. [The word has other meanings.]
Kiribati	Island nation in the Pacific Ocean. Its currency is the Australian dollar of 100 cents. The UK has a double taxation arrangement of 1950 amended by an arrangement of 1974.
kirk	Scottish term for a church, particularly of the Church of Scotland.
kirk session	Lowest court in the Presbyterian Church.
kiss hands	Formality of assuming important office, such as the prime minister kissing hands with the monarch on assuming office. The term is still used for the ceremony though there is no longer any actual kissing.
kiss the book	Old term meaning to take an oath on the Bible.
kite	Colloquial term for an accommodation bill . [The word has other meanings.]
kiting	Criminal slang for passing forged cheques.

kith	Friends, as opposed to relations. The term is often used in kith and kin, meaning friends and relations.
Kittel principle	VAT rule that a trader is denied otherwise genuine input tax recovery if the trader knew, or should have known, that the transactions to which the input tax relates was connected by fraud. The name comes from the European case <i>Kittel v Belgium C-439/04 [2008] STC 1537</i> . This principle is commonly used in countering carousel fraud .
kitty	Informal collection of funds, usually of a small amount, for a particular purposes such as paying for an office party.
Kiwanis	Organisation established in the USA in 1915 to promote business ethics.
kleptocrat	Ruler who steals from his or her people.
kleptomania	Morbid impulse to steal items.
Klondike	Californian river that led to a gold rush in 1896. The term is sometimes used metaphorically.
KM	Abbreviation: convertible mark, currency of Bosnia and Hercegovina.
KMC	Kerosene Marker Concentrate, a commercially-available solution which complies with the requirements for a marker to be added to duty-rebated kerosene.
KMF	ISO code for Comoros franc.
kneehole	Space in a desk to accommodate the knees of the sitter.
knife-money	Metal fashioned in the shape of a small knife and once used as currency in China.
knight	Honour conferred by the queen on men of distinction, who may then prefix their name with Sir.
knitwear	For VAT on children's clothing, knitted material is considered a stretch fabric . This issue was considered in the case <i>Jeffrey Green & Co Ltd [1974] VTD 69</i> .
knock for knock	An arrangement between motor insurance companies where each company pays for its own clients' claims and does not cross claim from the other company, even if the driver at fault is insured with the other company.
knock-out agreement	Agreement whereby a buyer at an auction pays another potential buyer not to bid as a means of reducing the sale price. Generally such an agreement is illegal.

knockout option	Option that is nullified (knocked out) when the underlying financial instrument reaches a particular value.
know-how	<p>Knowledge or skill in a particular field. It is an intangible asset. A capital allowance may be claimed under Capital Allowances Act 2001 from s452.</p> <p>For acquisition and disposals, the term “means any industrial information or techniques likely to assist in —</p> <ul style="list-style-type: none">(a) manufacturing or processing goods or materials,(b) working a source of mineral deposits (including searching for, discovering or testing mineral deposits or obtaining access to them),(c) carrying out any agricultural, forestry or fishing operations” <p>(Income Tax (Trading and Other Income) Act 2005 s192(1) and Capital Allowances Act 2001 s452(2)).</p> <p>The capital gains tax consequences for a disposal are given in Taxation of Capital Gains Act 1992 s261A. Capital allowances were introduced on 1 April 1986.</p> <p>Corporation tax provisions are given in Corporation Tax Act 2009 from s176.</p>
knowing card	Sharp person who knows how to trick people.
knowledge	<p>General term for information acquired by a person.</p> <p>The term has acquired more specific meanings, such as the knowledge of an area required by a taxi driver to be licensed.</p> <p>When knowledge is bought, it is usually called know-how for which a capital allowance may be claimed.</p>
knowledge development box (KDB)	Tax provision introduced by Irish Republic from 1 January 2016. It has the effect of reducing the effective tax rate for qualifying profits to 6.25%.
knowledge-intensive company	<p>Company for whom the enterprise investment scheme and similar schemes have more generous qualifying conditions. The definition of such a company is contained in Income Tax Act 2007 s252A as inserted by Finance (No 2) Act Sch 5.</p> <p>For venture capital trusts, the same definition is given in Income Tax Act 2007 s331A as inserted by Finance (No 2) Act 2015 Sch 6.</p> <p>Broadly such a company must meet both an innovation condition and skilled employee condition.</p>
knowledge management	Human resources term for the systematic process of acquiring, creating, analysing, sharing and using information with a view to better achievement of the organisation's goals.
known facts	Personal Information provided by the customer so they can be identified by the department. This is a security tool.
Know Your Client	Requirement that accountants, banks and other providers of financial, legal and professional services must record details of who their client is. It is usually

a requirement that this be supported by documentation. Such provisions are designed to prevent money-laundering and similar offences.

koi carp	Ornamental fish that is standard-rated for VAT. The VAT tribunal held that it could not be zero-rated as food in <i>J R Chalmers [1982] VTD 1433</i> .
kolkhoz	Russian term for a collective farm.
Königreich Belgien	German: Kingdom of Belgium.
Koninkrijk België	Dutch: Kingdom of Belgium.
kopek	One hundredth of a rouble, currency of Russia. The word can also be spelled kopeck or copeck.
kopiyka	One hundredth of a hryvna, currency of Ukraine.
koppa	Greek letter, no longer used as such but retained as the symbol for 90.
Korea	<p>Peninsula of China that has in effect been two hostile states since a war in 1953.</p> <p>The oppressive North state is known as the Democratic People's Republic of Korea. It is the world's only necrocracy as its president is still Kim Il-Sung who died in 1994. The de facto leader is his grandson. The currency is the North Korean won of 100 chon. The UK has no double taxation treaty.</p> <p>The South state is the Republic of Korea. Its currency is the South Korean won of 100 jeon. The UK has a double taxation convention of 1996 which refers to South Korea simply as Korea.</p>
korun (Kc)	<p>Plural of koruna, currency of the Czech Republic.</p> <p>Gold coins from 1,000 to 10,000 korun may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).</p>
koruna (Kc)	<p>(1) Currency of Czech Republic. The plural is korun.</p> <p>(2) Currency of Slovakia.</p>
kommunuskattur	Municipal tax on income in Faroe Islands. It comes within the scope of the UK/Faroes Double Taxation Convention.
kosher	<p>Pure and clean according to Jewish tradition.</p> <p>By extension, the term is used to denote that goods are genuine and lawfully obtained.</p>
Kosovo	<p>East European state that gained its independence from Serbia in 2008. Its currency is the euro of 100 cents, though the Serbian dinar is also used.</p> <p>The UK has a double taxation convention of 2015.</p>
KPI	Key performance indicator.

KPW	ISO code for North Korean won.
Kr	Abbreviation: Icelandic kronur.
Kretztechnik	European Court of Justice decision in the case <i>Kretztechnik AG v Finanzamt Linz Case C-465 [2005]</i> . The case established that the issue of shares by a public limited company in return for capital invested is not a supply for VAT purposes. HMRC produced Guidance Note 8 in January 2010 explaining how this applies in the UK.
kreutzer	Obsolete copper coin used in Austria and South Germany.
krona	Currency of Sweden before it adopted the euro in 2001. The plural is kronor.
króna	(1) Currency of Iceland, comprising 100 aurar. (2) Currency of Sweden, comprising 100 ore.
krone	(1) Currency of Denmark, divided into 100 re. (2) Currency of Norway, comprising 100 öre. (3) Term for various old coins, such as a silver coin in Austria and a gold coin in Germany.
kronur	Currency of Iceland. Gold coins for 500 or 10,000 kronur may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).
kroon	Currency of Estonia.
Krugerrand	Bullion gold coin issued by South Africa. It contains one troy ounce of fine gold, and bears a portrait of President Paul Kruger (1825-1904).
KRW	ISO code for South Korean won.
Ksh	Abbreviation: Kenyan shilling.
ktēma es aei	Greek: a possession for ever.
Kufic coins	Early Mohammedan coins found in Kufic.
kuna	Currency of Croatia.
kuru	One hundredth of a lira, currency of Turkey.
kurtosis	In statistics, a description of how flat or pointed a distribution curve is.
Kuwait	Middle East state. Its currency is the Kuwaiti dinar of 1,000 fils. The UK has a double taxation agreement of 1999. The country was invaded by Iraq on 2 August 1990. Workers who were in the country for any time in the previous 62 days and who were unable to

return to UK as a consequence may benefit from the provisions of Finance Act 1991 s46 in relation to determining their period overseas.

kwacha	(1) Currency of Malawi. (2) Currency of Zambia.
kwanza	Currency of Angola.
KWD	ISO code for Kuwaiti dinar.
kWh	Kilowatt hour.
kyat	Currency of Burma.
KYD	ISO code for Cayman Islands dollar.
Kyoto Protocol	International agreement to reduce emissions of greenhouse gases. The protocol came into effect on 16 February 2005. One of its consequences was the creation of emissions allowances for which there are special tax provisions.
Kyrgyzstan	Eastern state that became independent from Russia in 1991. Its currency is the som of 100 tyiyn. The UK has no double taxation treaty in effect, though one was signed on 13 June 2017 awaiting adoption.
Kzrl	Abbreviation: kwanza, currency of Angola.
KZT	ISO code for Kazakhstan tenge.

L

L	<p>Tax code</p> <p>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 <i>lower</i> personal allowance (hence the letter) to distinguish it from the higher allowance paid to married men and single mothers.</p> <p>Company cars</p> <p>Before 6 April 2011, the P11D code for a company car that had a diesel engine that met the Euro IV standard.</p> <p>From 6 April 2011, all diesel cars have the code D.</p> <p>National insurance</p> <p>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.</p>
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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).
- (7) Loss, as in the formula in Corporation Tax Act 2009 s1201.
- (8) Personal limit for pension, in formula in Finance Act 2004 s16AD(5).
- (9) Lender in a peer-to-peer loan, as used in Income Tax Act 2007 s412A(1) as inserted by Finance Act 2016 s32.

L£	Abbreviation: Lebanese pound.
£L	Lowest amount of a taxpayer's income in determining entitlement to savings nil rate (Income Tax Act 2007 s12A(1)(a) as inserted by Finance Act 2016 s4).
L\$	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; and• 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.
labor omnia vincit	Latin: work conquers all. This expression comes from <i>Georgics Book 1</i> by Virgil. It has been used as a motto by various bodies including the US labor movement.
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 Market Enforcement	New body announced on 5 January 2017 to co-ordinate the various bodies responsible for enforcing parts of employment law.
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	English 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 .
Lammy Report	Report produced on 8 September 2017 by David Lammy MP on the treatment of black, African and minority ethnic individuals in the criminal justice system.
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)).

In relation to taxation of UK land transactions, the word "includes —

- (a) buildings and structures,
- (b) any estate, interest or right in or over land, and
- (c) land under the sea or otherwise covered by water"

(Corporation Tax Act 2010 s356OR(1)).

Land charges

For land charges, the word "includes land of any tenure and mines and minerals, whether or not severed from the surface, buildings or parts of buildings (whether the division is horizontal, vertical or made any other way) and other corporeal hereditaments, also a manor, an advowson and a rent and other incorporeal hereditaments, and an easement, right, privilege or benefit in, over or derived from land, but not an undivided share in land" (Land Charges Act 1972 s17(1)).

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.

Further provisions for transactions in UK land are given in Corporation Tax Act 2010 from s356OA, with effect from 5 July 2016.

Stamp duty

For stamp duty land tax, most acquisitions and some other transactions in land attract the tax or a devolved equivalent.

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 banking

Practice of property developers when they hold land, often where planning permission has been granted, without developing it.

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.

Landeszentralbank

Regional divisions of the **Bundesbank** in Germany.

landfill

"A site for the deposit of waste onto or into land where the site is:

(a) a waste disposal site, or

(b) used for the storage of waste"

(Waste and Emissions Trading Act 2003 s22(1)).

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. The tax is devolved in Scotland and Wales.</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 VAT.</p> <p>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.</p>
landfill disposals tax	<p>Tax introduced in Wales from 1 April 2018 as a replacement for landfill tax.</p>
landfill void	<p>Space created to receive waste at a landfill site. This needs to be determined to calculate the tax for landfill whole site expenditure.</p>
landfill whole site expenditure	<p>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).</p> <p>Such expenditure is allowed under Corporation Tax Act 2009 s142 or Income Tax (Trading And Other Income) Act 2005s165.</p>
land improvement charge	<p>"Means any charge under the Improvement of Land Act 1864 or under any special improvement Act within the meaning of Land Act 1899" (Land Charges Act 1972 s17(1)).</p>
land in a contaminated state	<p>The remediation of such land attracts tax relief as set out in Corporation Tax Act 2009 from s1143.</p>
land in a derelict state	<p>The remediation of such land attracts tax relief as set out in Corporation Tax Act 2009 s1145A.</p>

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.
land law	Provisions, some ancient, governing legal rights about 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	Statutory body whose existence 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. The law is contained in Corporation Tax Act 2009 from s1143. 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 remediation tax credit	Details are given in Corporation Tax Act 2009 s1151.
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 portrait.

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

Tax charged from 1688. It was 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”.

By the 20th 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.

lands tribunal	<p>Tribunal that has power to determine questions relating to land.</p> <p>If the value of land is disputed for capital gains tax or inheritance tax purposes, the matter may be resolved by the lands tribunal.</p>
land taxes	<p>Temporary tax on land imposed only in 1671.</p>
Land Transaction Tax (LTT)	<p>Tax introduced in Wales from 1 April 2018 as a replacement for stamp duty land tax.</p>
land-use planning system	<p>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.</p>
land value tax	<p>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).</p> <p>The term is used in Finance Act 1931 s28 in relation to stamp duty payable on documents to transfer land.</p>
landward licence	<p>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)).</p>
language requirements	<p>Under company law, the requirements relating to the language in which documents must be submitted to Companies House (Companies Act 2006 s1102).</p> <p>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 into English.</p>
Lansbury, George	<p>English Labour politician (1859-1940) who was leader of the Labour party from 25 October 1932 to 8 October 1935.</p>
Laos	<p>Indo-Chinese state. Its currency is the kip of 100 att. The UK has no double taxation treaty.</p>
LAPFF	<p>Local Authority Pension Fund Forum.</p>
LAPR	<p>Life assurance premium relief.</p>
la propriété c'est le vol	<p>French: property is theft (Quote from Prodhon).</p>
lapse	<p>Expire by inactivity during the passing of time. An example is the termination of an insurance policy due to non-payment of premiums.</p>

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	<p>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.</p> <p>In relation to Corporation Tax Act 2009 Part 13, the term “means a company that is not a small or medium-sized enterprise”.</p>
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 fuel retailer	Such a retailer may be required to provide public charging points or refuelling points under Automated and Electric Vehicles Act 2018 s11. Details and further definitions are contained in regulations.
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	<p>For beer duty, a container in size greater than 10 litres and up to 400 litres. Most kegs and casks come within this scope.</p> <p>Customs notice 226 sets out the procedure for determining the quantity of such packs.</p>
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.
larger SME	In relation to provisions of Corporation Tax Act 2009 Part 13, “a company which is a small or medium-sized enterprise by virtue of qualification 1 in section 1120” (Corporation Tax Act 2009 s1121).
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.
LASAAC	Local Authority (Scotland) Accounts Advisory Committee.
laser	Amplified light used in many appliances, such as playing compact discs and as pointers. It is a specific offence to shine a laser at a vehicle under Laser Misuse (Vehicles) Act 2018.
laser beam	“Means a beam of coherent light produced by a device of any kind” (Laser Misuse (Vehicles) Act 2018 s3).
last	Old term for a cargo, or a weight approximately equal to 4000 pounds. [The word has other meanings.]
last accounts filing period	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). 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.
last annual accounts	The accounts that were last circulated to its members either in full or in summary form (Companies Act 2006 s837(1)).

A company must generally be able to justify a **distribution** from those accounts.

last in, first out (LIFO)

Method of stock valuation which assumes that a stock item sold is the last to be bought.

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.

Using LIFO reduces profit and reduces stock values and is therefore generally not acceptable for financial accounting or tax purposes.

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).

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	<p>Amount by which the written down value of a fixed asset for tax purposes exceeds the net book value in the balance sheet.</p> <p>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.</p>
latent ambiguity	<p>Word or expression which proves to have more than one meaning, as against a patent ambiguity.</p> <p>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.</p>
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 payment interest	<p>Interest charged for late payment of tax. Unlike a penalty, it is not possible to argue reasonable excuse as interest is compensation for not having had the use of the money when due.</p> <p>The main law is Finance Act 2009 from s101.</p>
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 Enforcement Directive	For the purposes of data protection, “means Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/HA” (Data Protection Act 2018 s13(12)).
law enforcement purposes	For the purposes of data protection, “are the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, including the safeguarding against and the prevention of threats to public security” (Data Protection Act 2018 s31).
law lords	Members of the House of Lords appointed to hear legal appeals. They now sit in the Supreme Court.

law merchant	Legally enforceable practices of merchants until subsumed into the common law in the 18 th century.
law of supply and demand	Fundamental economic 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	In relation to church officers, description of someone who is 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:

- 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 12 th and 13 th 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	Company that provided clearing services for London International Financial Futures and Options Market (LIFFE). 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.

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.
LDPE	Low density polythene.
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: <ul style="list-style-type: none">• 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 366 th 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 400 th 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.
learned society	The VAT position is explained in VAT leaflet 701/5.
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.

Learning Records Service (LRS) Service provided by the **Education and Skills Funding Agency**. It provides access to an individual's personal learning record.

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.

The accounting treatment of leases radically changes under provisions of IFRS 16.

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	<p>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.</p> <p>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.</p> <p>There was once a special provision for stamp duty for such leases.</p>
lease granted at undervalue	<p>Corporation tax provisions are given in Corporation Tax Act 2009 s222.</p>
leasehold	<p>Method of owning property to a predetermined date. Once that date has been reached, the property reverts to the original owner.</p>
leasehold land	<p>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.</p>
leasehold valuation tribunal	<p>Body which values leaseholds.</p>
leaseholder	<p>Person who holds the lease on property.</p>
lease incentives	<p>"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).</p>
lease payments test	<p>Test for finance leases set out in Capital Allowances Act 2001 s70 O.</p>
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	<p>"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</p>

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, FRSE 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 34include 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

Change to accounting standards in relation to leasing standards (IAS 17, FRSE or SSAP 21) from 1 January 2011 (Finance Act 2011 s53).

The tax implications for leases are that they should be accounted for if such a change had not been made.

leasing of ships

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).

leasing provisions

"In relation to a lease of an asset, means —

(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”
(Income Tax Act 2007 s614DG).

least developed country (LDC)	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. For import duty, the scope is set out in Taxation (Cross-border Trade) Act 2018 Sch 3 Part 1.
least restriction principle	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).
leave	(1) Finish a period of work at a particular place or for a particular employment. (2) Period of authorised absence from work.
leave travel	Travel by a member of the armed forces while on leave. The provision of facilities for such travel is exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s296.
Lebanon	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.
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	<p>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.</p> <p>The term is also used to mean any kind of support, such as a line or argument in support of a proposition.</p>
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>Spoffoth & Prince v Golder</i> [1945] 26TC310 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, be used, make contracts, incur debt and own property.</p>
legal privilege	<p>The absolute right of confidentiality in advice from a lawyer to a client.</p> <p>In relation to seizure of goods, the term is defined in Criminal Justice and Police Act 2001 s65.</p> <p>Company law contains a similar protection in Companies Act 2006 s1129.</p>
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

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.

An illegitimate child may inherit property under Family Law Reform Act

1969.

Until 1969, tax relief was not available for an illegitimate child unless the parents married (Finance (1909-1910) Act 1910 s68(1)).

Legitimacy Act 1976 s1 makes a child legitimate if the parents subsequently marry.

For tax purposes, legitimate and illegitimate children are treated the same.

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	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. 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.

Under Lennartz accounting, the whole input tax may be claimed, and the business may invoice itself for the non-business use.

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	The regime of accounting requirements for leases. 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 .
lessee	Person who leases property from a lessor . 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)).
lessee's incremental borrowing rate	"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).
less likely need	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**.

Examples of someone who is *not* a less likely need may include a claimant:

- 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.

The term is given a specific meaning in Housing and Planning Act 2016 s56, in accordance with the definition for **letting**.

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)

Means of arranging payment, particularly in international trade.

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.

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 have been disinherited.</p>
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	<p>Under provisions of the Act —</p> <p>"(a) includes the grant of a licence, but</p> <p>(b) except in Chapter 4, does not include the grant of a tenancy or licence for a term of more than 21 years"</p>

(Housing and Planning Act 2016 s56).

letting agency	Business which deals with property which may be let.
letting agency work	“Means things done by a person in the course of a business in response to instructions received from — (a) a person (“a prospective landlord”) seeking to find another person to whom to let housing, or (b) a person (“a prospective tenant”) seeking to find housing to rent. (Housing and Planning Act 2016 s54(3)).
letting agent	In relation to rogue landlords and property agents , “means a person who engages in letting agency work (whether or not that person engages in other work” (Housing and Planning Act 2016 s54(1)).
letting condition	One of the conditions that must be met for the tax provisions of furnished holiday letting .
45imila 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	Currency of Bulgaria. The plural is leva . Gold lev coins, from 1 to 20,000 leva, may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).
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

Pension which does not increase in amount to offset the effect of **inflation**. The opposite is an **index-linked pension**.

A level pension slowly loses value because of inflation. This process is known as **withering on the vine**.

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 46imila

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.

liable no longer liable

Another name for the **liable not liable concession**.

liable not liable concession

Undocumented VAT concession for when a business has a fluctuating turnover which goes above the registration threshold for one period but not generally. The concession allows HMRC to require VAT to be accounted for only the period that turnover exceeded the threshold. The strict law allows HMRC to require registration for the whole period from first exceeding the threshold until the business chooses to deregister.

The concession is not listed among HMC's extra-statutory concessions.

Instead, it is set out in HMRC's tax manual between VATREG28050 and VATREG28550. The text is withheld from the public but is accessible to HMRC staff.

The concession is sometimes called "liable no longer liable". It was considered in the tribunal case *Tim Hughes [2018] TC 6609*.

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 Protection Safeguard	System introduced under Mental Capacity (Amendment) Act to protect a person who has limited mental capacity from harmful situations. An example is a lock to prevent them walking into traffic. The Safeguards replace the more bureaucratic Deprive of Liberty Safeguards.
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	London interbank offered rate. This is widely used as a basis for determining almost all interest rates. 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)).
libra	Roman pound. It is abbreviated to lb when meaning a pound in weight, and to £ when meaning a pound in money.
library	It is a criminal offence to bet or gamble in a library (Libraries Offences Act 1898 s2(3)).

library service	For VAT, a library service is not a zero-rated supply of books (<i>UU Bibliotech Ltd [2006] VTD 19764</i>).
Libya	North African state. Its currency is the Libyan dinar of 1,000 dirhams. The UK has a double taxation convention of 2008.
LIC	Local Import Control.
licence	(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. (2) Right to occupy property without acquiring any ownership, such as when staying in a hotel room.
licence-consideration swap	Type of oil licence swap (Taxation of Capital Gains Act 1992 s195A).
licence event	In relation to oil and gas licences, this term is defined in Energy Act 2016 s30(3).
licence fees	A business established to receive licence fees is an excluded activity for venture capital trust purposes under Income Tax Act 2007 s306.
licence year	“In relation to an excise licence issuable annually, means the period of 12 months ending on the date on which that 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 <i>verb</i> as in “you are licensed”. The noun is spelled <i>licence</i> . (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 (FEC)	“Premises in respect of which a family entertainment centre premises licence has effect” (Gambling Act 2005 s238). Such premises require a licence from the Gambling Commission .
licensed premises	Any premises that are licensed by the local authority under licensing laws.
licensed subarea	In relation to the oil industry, this term is defined in Corporation Tax Act 2010 s356JNA.

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. In relation to capital allowances for the oil industry, the term is given a specific meaning in Capital Allowances Act 2001 s554(4).
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 ISA (LISA)

Savings scheme introduced from 6 April 2017 under Savings (Government Contributions) Act 2017.

The main elements of LISA are:

- the saver must be aged under 40

- the saver may invest up to £4,000 a year and receive a £1,000 bonus from the government
- funds must be used either to buy a first home or to be withdrawn as cash at the age of 60
- the first home must not cost more than £450,000
- the home must be bought within 12 months of opening the account
- for 2017/18 only, funds in a help-to-buy scheme may be transferred into a LISA.

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 8% on the writing down basis, and not the usual 18% 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	<p>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.</p> <p>The veil is lifted when it is being abused. An example was <i>Gilford Motor Company v Horne [1933]</i>. 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.</p> <p>In USA, the term is piercing the veil of incorporation. This term is increasingly being used in the UK.</p>
light agricultural vehicle	<p>"Means a vehicle which —</p> <ul style="list-style-type: none">(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 —<ul style="list-style-type: none">(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)." <p>(Hydrocarbon Oil Duties Act 1979 Sch 1 para 3)</p>
light crude oil	<p>Naturally occurring oil before processing which contains a high concentration (up to 97%) of the more valuable hydrocarbons.</p>
light industry	<p>Manufacturing activity that uses small amounts of partially processed materials to produce items of high value per unit weight.</p>
lighting system	<p>This may attract a capital allowance as a feature integral to a building (Capital Allowances Act 2001 s33A).</p>
light maintenance depot	<p>For capital allowance purposes for a railway business, a definition is given in Capital Allowances Act 2001 s95(6).</p>
light motorcycle	<p>Motorcycle with an engine capacity of up to 125cc and a power output not exceeding 11kW.</p> <p>Such a vehicle may be driven from the age of 17. It is category A1 on a driving licence.</p>
light oil	<p>"Means hydrocarbon oil:</p> <ul style="list-style-type: none">(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	<p>Period when regulations are enforced gently and where penalties are either not imposed or easily mitigated.</p> <p>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.</p>
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</p>

law.

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).

Consequences of limitation

The expiry of a limitation period does not mean that the matter is completely dead, just that civil proceedings can no longer be brought.

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.

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 60auditing60 an assurance engagement whose objective is “a reduction in 60assurance 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	<p>State of a person whose physical or mental condition restricts his or her ability to find work.</p> <p>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.</p> <p>For universal credit, a claimant is regarded as having limited capacity for work "if —</p> <ul style="list-style-type: none">(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"<p>(Welfare Reform Act 2012 s37(1)).</p>
limited company	<p>A company where the liability of its members is limited (Companies Act 2006 s3(1)).</p> <p>A company may be limited by shares or limited by guarantee.</p>
limited-cost trader	<p>A VAT-registered business that uses the flat rate scheme but where costs are less than 2% of turnover (or £1,000 if higher). From 1 April 2017, such a trader must use the rate of 16.5% under the scheme, or revert to determining VAT liability on the basis of output tax minus input tax.</p>
limited executorship	<p>In law, arrangement when a person is appointed in a will to act as executor for some property, but not all of it.</p>
limited interest	<p>Interest to income arising from a beneficiary's entitlement to the estate of a deceased person, where it is not an absolute interest.</p> <p>In relation to beneficiaries' income from estates in administration, the term is defined in Corporation Tax Act 2009 s935(2).</p>
limited interests in residue	<p>In relation to beneficiaries' income from estates in administration, this term is defined in Corporation Tax Act 2009 s939.</p>
limited liability	<p>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.</p>
limited liability company	<p>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.</p>
limited liability partnership (LLP)	<p>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.</p> <p>An LLP is legally a body corporate, though run as a partnership. It must be registered, the liability of <i>all</i> partners is limited, but the limited partners may take part in running the business. Many accountancy and law firms are now LLPs.</p> <p>The tax law was originally in the Limited Liability Partnership Act 2000 s</p>

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	Period that is regarded as being a continuation of a previous period. 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. For employment support allowance , the linking period is 12 weeks.
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	For VAT, this is standard-rated as it does not come within the scope of food (VAT notice 701/14).

This follows the decision in *Darwin Banks [2004] VTD 18904*.

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)	<p>Form of road fuel and heating material.</p> <p>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.</p> <p>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.</p>
liqueur	Alcoholic drink that has been sweetened, flavoured or perfumed. It is usually taxed as a spirit.
liquid	<p><i>Finance</i></p> <p>The ease with which something may be converted to cash. Cash is therefore the most liquid asset of all.</p> <p><i>Duty on biodiesel and bioethanol</i></p> <p>“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)).</p>
liquid assets	<p>Current assets which can easily be turned into cash.</p> <p>These are cash, debts and any investments which can be turned into cash within one month. Stock is specifically excluded.</p>
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	<p>Process of ending an insolvent company.</p> <p>A liquidation automatically starts a new accounting period for corporation tax.</p> <p>The ownership of the assets has changed, so it is not possible to claim group relief between solvent and insolvent companies.</p>

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.

LISA **Lifetime ISA.**

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 A, B, C Classification of items which prisoners are not allowed (Prisons Act 1952 from s40A). It is an offence to provide, or attempt to provide, such an item.

list D school Term used in Scotland from 1969 for community homes, previously known as approved schools.

listed asset In relation to civil recovery of personal property, the term “means an item of property that falls within one of the following descriptions of property —
(a) **precious metals**
(b) precious stones
(c) watches
(d) artistic works
(e) **face-value vouchers**
(f) postage stamps”.
(Proceeds of Crime Act 2002 s303B(1) as inserted by Criminal Finances Act 2017 s15).

listed building Another name for a **protected building**.

listed building consent A form of planning permission which allows work to be done to a **protected building** (or listed building).
Such work may qualify for VAT zero-rating under Value Added Tax Act

1994 Sch 8 Group 6.

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	<p>Tax term used to calculate the taxable benefit of a company car.</p> <p>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.</p> <p>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)).</p>
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 repetitious list, such as of complaints.
litas	Currency of Lithuania.
lit de justice	<p>French: bed of justice, ie fount of all legal authority.</p> <p>The term comes from French kings Louis XI to XVI who gave judgment lying on a bed. The practice ceased in 1787.</p>
lite pendente	Latin: pending the [law] suit.
literal rule	<p>One of the methods for interpreting an Act of Parliament. (The other main methods are the golden rule and mischief rule.)</p> <p>The literal rule was summarised in <i>Sussex Peerage Case [1844]</i> 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.</p> <p>In tax cases, any disputed term that is not specifically defined follows the dictionary definition.</p>
literalism	<p>Process of interpreting laws by giving words their dictionary meanings.</p> <p>In the terms of wills, literalism was largely abandoned by the House of Lords in the case <i>Perrin v Morgan [1943]</i> when it was decided that terms should be interpreted according to their context. The case concerned the word "moneys" in a will.</p>
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.
Littlewoods case	Long-running dispute between Littlewoods and HMRC on whether interest on tax refunds should be calculated on a simple interest or compound interest basis. On 1 November 2017, the Supreme Court finally ruled that it was simple interest.
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.
live performances	<p>These are specifically excluded from the scope of television production relief (Corporation Tax Act 2009 s1216AD(1)).</p> <p>This includes “any broadcast of a live event or of a theatrical or artistic performance given otherwise than for the purpose of being filmed” (Corporation Tax Act 2009 s1216AD(6)).</p>
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	<p>For VAT, livery services are generally standard-rated, though stabling may be exempt. VAT notice 701/15 gives details.</p> <p>A livery business qualifies for business property relief from inheritance tax (<i>M Vignes [2017] TC 6068</i>). The tribunal rejected the argument that it was an investment from use of land.</p>
livery company	<p>Modern equivalents in the City of London of the City Craft Guilds. The Weavers claim to be the oldest company, formed in 1184.</p>
live service area	<p>Area where a claim for universal credit may be made if a previous claim ended in the previous six months because earnings increased.</p>
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. 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>
livestock rate	<p>In Irish Republic, a special low rate of VAT (4.8% in 2017/18) charged on horses unless they are used for foodstuffs or agriculture.</p>
live-work unit	<p>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. TC 2043 [2012]</i>.</p>
living	<p>Term for the right of a vicar, rector or other person to receive a stipend in a parish in the Church of England.</p>
living accommodation	<p>Certain expenses in relation to employer-provided accommodation are exempt from tax under Income Tax (Earnings And Pensions) Act 2003 from s313.</p>
living apart	<p>In law, a condition for establishing desertion or separation for divorce. The provision was introduced in 1973 and abolished in 1996.</p>
living as husband and wife	<p>Another term for living together.</p>
living memory	<p>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.</p>
living on immoral earnings	<p>Criminal offence of earning money by providing the services of prostitutes. The maximum penalty is seven years imprisonment.</p>

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</i>. Ch D [1990] 63 TC 718).</p> <p>This decision was in accordance with the obiter dicta of Denning in <i>Hopes v Hopes</i>. CA [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	<p>Term used in social security legislation to determine eligibility to claim certain benefits.</p> <p>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.</p>
livre	<p>(1) Old French coin, replaced by the franc in 1795</p> <p>(2) Old French weight approximately equal to a pound.</p>
LJ	<p>(1) Lord Justice of Appeal.</p> <p>(2) Law Journal Newspaper County Court Reports, published from 1831 to 1949.</p>
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 8% as against the usual 18% for plant and

machinery.

LL B Designatory letters for a Bachelor of Law.

LLC **Local land charges.**

LL D Designatory letters for a Doctor of Law.

LLM Prefix for HMRC's Lloyd's manual.

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.
LMO	London Mint Office.
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 may be charged.

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

Tax

If money is simply lent to a person to be repaid (such as an advance on expenses or salary, or to provide temporary help to someone) there are usually no tax implications. Neither the borrower nor lender pays tax on the sum which is lent or repaid, and neither can claim tax relief for the loan or repayment.

Because lending has been widely used in tax avoidance schemes, particularly for disguised remuneration, there are many anti-avoidance provisions.

There are special provisions for amounts lent to directors and employees.

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 charge	Term for the new tax charge for disguised remuneration loans . It is introduced from 6 April 2019 in respect of a loan made after 5 April 1999 and outstanding on 6 April 2019.
loan charge information	In relation to trading income provided through third parties by a loan outstanding on 5 April 2019, the term is defined in Finance (No 2) Act 2017 sch 12 para 23 as inserted by Finance Act 2018 Sch 2.
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	<p>"In relation to a company, means a creditor in respect of any debt of the incurred by the company:</p> <ul style="list-style-type: none">(a) for any money borrowed or capital assets acquired by the company; <p>or</p> <ul style="list-style-type: none">(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); <p>or in respect of any redeemable loan capital issued by the company." (Income and Corporation Taxes Act 1988 s417(7).</p>
loan guarantee	<p>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.</p> <p>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.</p> <p>The matter has been litigated in such cases as <i>Homelands (Handford) Ltd v Margerison [1943] 25TC414</i>; <i>Garforth v Tankard Carpets Ltd [1980] 53TC342</i>; <i>Baker v Mabie Todd and Co Ltd [1927] 13TC235</i>.</p>
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 payment information	In relation to trading income provided through third parties by a loan outstanding on 5 April 2019, the term is defined in Finance (No 2) Act 2017 sch 12 para 23 as inserted by Finance Act 2018 Sch 2.
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 own	Form of investment whose tax treatment is given in Income Tax Act 2007 s809FZV as inserted by Finance Act 2016 s37.
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 authorities were extensively reorganised in 1974 under Local Government Act 1972.
- 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 <i>ibid</i> s83. They are allowed for income tax under Income Tax (Trading and Other Income) Act 2005 s82, and defined in <i>ibid</i> 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	<p>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.</p> <p>Each local authority decides how best to administer welfare beyond the statutory provisions. This includes use of food banks and furniture re-use projects.</p>
local land charges (LLC)	Various records about properties. From 11 July 2018, the Land Registry is creating a Local Land Charges Register which will progressively record details. It is starting with Warwick District Council. These can be accessed from the register instead of the local council.
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> <p>(a) which is made in the territory in which the controlled foreign company is resident; and</p> <p>(b) the parties to which are resident in that territory”.</p> <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

Inheritance tax

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.

Capital gains tax

The rules are set out in Taxation of Capital Gains Act 1992 s275.

location of errors

In bookkeeping, various methods have been developed to find an error when the books do not balance or do not crosscast.

The method starts by identifying the difference between the two totals. If the difference is divisible by 9, 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	<p>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.</p> <p>From 1 October 1996, premiums qualify for tax relief as a business expense. Previously they were disallowed as a personal expense.</p> <p>The matter is discussed in the Inspector's Manual at BIM 45570.</p>
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	<p>Latin: place (or opportunity) for repentance.</p> <p>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.</p>
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.</p>

However it may be eligible for **rent a room** relief.

lodging turn

Work on a railway that requires workers to stay away from home.

log

- (1) Record, such as of a sequence of events.
- (2) Abbreviation of **logarithm**.

logarithm

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**.

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.

Although logarithms have largely been replaced by modern calculators and computers, they can still be required in mathematical formulae.

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)).
LOL	Texting abbreviation: laughing out loud.
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 Mint Office (LMO) Company formed in 2006 by the Norwegian company Samlerhuset AS. It distributes coins and medals from most countries of the world.

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 In finance, a long period. In securities, this usually means at least 10 or 15 years.
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.

long bond Bond which will mature in ten or more years' time. The US 30 year Treasury bond is a benchmark.

long chargeable period Period of more than one year. Provisions relating to **annual investment allowance** are given in Capital Allowances Act 2001 s51M.

long credit Terms of business that allow the customer a long time to pay.

long dated bill	Bill which is payable in more than three months' time.
long dated stocks	Government stocks which mature in 15 or more years' time.
long dozen	Old term for 13.
longevity swap	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.
long-firm	Group of swindlers who pretend to be a long-standing business as a means of securing credit, and then decamp without paying.
Long Friday	Old name for Good Friday , in allusion to the long fast on that day.
long funding finance lease	This term is defined in Capital Allowances Act 2001 s70G. Corporation tax provisions are given in Corporation Tax Act 2009 s866.
long funding lease	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 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 tail	Marketing term for less popular products which have a correspondingly high market share. The term was coined by writer Chris Anderson in 2004.
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	Head of the judiciary. 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.
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	<p><i>General</i></p> <p>Reduction in wealth generated by the activities of a commercial entity. It is the opposite to profit.</p> <p>For a non-commercial body, the equivalent term is deficit.</p> <p><i>Tax</i></p> <p>A business that makes a loss may be able to claim loss relief.</p> <p>The loss must be calculated using the same accounting rules as are used to calculate profits (Income Tax (Trading And Other Income) Act 2005 s26 and Corporation Tax Act 2009 s47).</p> <p><i>Fraud</i></p> <p>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)).</p>
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	Damage or impairment of part of the body or mind caused by the industrial accident or disease. Someone who suffers such a loss of faculty may be eligible to claim industrial injuries benefit .
loss of goods	Where goods are lost, stolen or destroyed. 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.
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	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. 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. 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. Such policies are also known as consequential loss policy or business interruption policy .
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-related tax advantage	In relation to anti-avoidance, "means a tax advantage as a result of a deduction (or increased deduction) under a provision mentioned in subsection (8)" (Finance (No 2) Act 2017 s19(7)). Sub-section (8) lists the various provisions of tax statutes that give loss relief.
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: <ul style="list-style-type: none">• 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.

In relation to film losses, the term is defined in Corporation Tax Act 2009 s1208(2).

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 duty	Excise duty charged on lotteries under Finance Act 1993 from s24.
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	75 gm/km

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 pollution zone

Area of 146 square miles around London where, from 2021, drivers of pre-2016 diesel cars will be required to pay a charge. This is in addition to the congestion charge, low emission zone and ultra-low emission zone.

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 toby

Old slang term for robbery on the road by a highwayman on foot.

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

For inheritance tax, a category of **excepted estate**.

This is one where the total **estate** does not exceed the **nil rate band** and so no inheritance tax is payable.

low value invoice

Invoice for a low amount where some of the VAT requirements are relaxed. The upper limit has been £250 since 1 January 2004.

low vision leaflet (LVL)	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.
low wines	“Weak spirits obtained from the distillation of wash” (Customs notice 39).
low yield	Description of the dividends or other distributions from a share or equivalent which is low compared with similar securities.
loyalist	Person who is loyal to a particular cause, particularly someone in Northern Ireland who supports the British government.
loyalty bonus	Addition provided by finance companies to customers who stay with them. They are most commonly encountered in pensions and investments. For pensions, a loyalty bonus must be considered when looking at the open market option .
LPA	Lasting power of attorney.
LPG	Liquid Petroleum Gas, a road fuel alternative to petrol and diesel. 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.
LPOG	Prefix for HMRC's tax manual on labour provider guidance.
LPP	Legal professional privilege.
LR	(1) Listing Rules sourcebook, published by the Financial Services Authority. (2) Law reports. This is the citation for most court cases 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.
LRS	Learning Records Service.
LRT	Lower rate tax.
LS	(1) Locus sigilli. (2) Lump sum. This abbreviation is used in Income Tax (Earnings and Pensions) Act 2003 s554Z4(7) as inserted by Finance Act 2017 Sch 3.

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.

(Smith Kline Beecham plc. [1993] VAT 10222).

lucre	Slang term for money, possibly as a back formation from the word "lucrative".
101imil 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.
There is still in force the Trial of Lunatics Act 1883 s2 which allows the special verdict of not guilty by insanity.
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 one 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.
Tax relief was initially given by extra-statutory concession A2, before being briefly enacted.
Luncheon vouchers were completely free of national insurance until 1999 when the national insurance limit was also set at 15p until the tax relief was abolished in 2013.
A limited form of tax relief remains for some voucher-based canteen arrangements under Income Tax (Earnings and Pensions) Act 2003 s317.
- 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.
LYLAB	Texting abbreviation: love you like a brother.
LYLAS	Texting abbreviation: love you like a sister.
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> .