



# Leach's Tax Dictionary

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## A

### A

#### *National insurance*

National insurance **contribution letter** for an employee who is liable to pay the full rate of class 1 national insurance.

#### *Council tax*

For council tax, the lowest band of property values:

- in England, up to £40,000 in 1993
- in Wales, up to £30,000 in 1993, or £36,000 from 1 April 2005
- in Scotland, up to £27,000 in 1993.

A band A property pays council tax at two-thirds of the rate for an average band D property.

#### *Company cars*

From 6 April 2011, the code used for completing PAYE form **P11D** in relation to most company cars. The only exclusions are cars with diesel engines or that produce zero emissions of carbon dioxide.

#### *Tax code*

Suffix to a **tax code** used for only two years. In 2002/03 it meant the taxpayer was entitled to half the children's tax credit. In 2001/02, it meant the taxpayer was entitled to the married couple's allowance and was taxed at the higher rate.

#### *Vehicle excise duty*

Rate band for vehicles with emissions up to 100 gm/km.

#### *Full Payment Supplement form*

For **real time information**, indicator in the "Number of hours worked" box that the employee works up to 15.99 hours a week.

#### *Lateness in submitting an FPS or EPS under Real Time Information*

Letter used to indicate that the lateness was due to the payment being a notional payment, such as to an expat by a third party.

#### *First person*

The term is used in various contexts to indicate the first person.

Examples in tax law include company or director that is liable to a **degrouching charge** under Corporation Tax Act 2009 s795, and a principal company in a group structure under *ibid* s767.

#### **Final character in national insurance number**

When national insurance was recorded on cards, a final character of A denoted that the card ran for a year from the first Monday in March. It is now simply a control character.

#### **Other meanings**

- (1) In planning law, the use class for retail premises.
- (2) **CFI code** for a registered financial instrument.
- (3) In **hexadecimal notation**, the number 10.
- (4) The highest category in any grading system, examination or similar.
- (5) Series of paper sizes where the height is  $\sqrt{2}$  times the width, so that this ratio is maintained if the paper is cut in half. A4 is the standard paper size. A5 is half the size of A4. A3 is double the size of A4.
- (6) Amperes (amps), angstrom and many other abbreviations.
- (7) Abbreviation to denote agency in Income Tax Act 2007 s46A.
- (8) In relation to residence nil rate band for inheritance tax, means another person as defined in Finance (No 2) Act 2015 s8L(4) as inserted by Finance (No 2) Act 2015 s9.
- (9) Amount of a person's income, as used in the formula in Finance Act 2004 s228ZA(1).
- (10) Expression for augmented profits in the formula for calculating ring fence profits of the oil industry (Corporation Tax Act 2010 s279D).
- (11) Assignee of a peer-to-peer loan, in Income Tax Act 2007 s412F.
- (12) Amount of activated cluster area allowance, in Corporation Tax Act 2010 s356JHB.
- (13) Figure used in formula in Corporation Tax Act 2010 s356JK(5).
- (14) Annual value of an employer's asset made available to an employee, as used in Income Tax (Earnings and Pensions) Act 2003 s205A(3).
- (15) Figure used in relation to accommodation provided to an employee in Income Tax (Earnings and Pensions) Act 2003 s103A(8) as inserted by Finance Act 2017 Sch 2.
- (16) Figure used in relation to a lump sum from a foreign pension in Income Tax (Earnings and Pensions) Act 2003 s554Z4(9) as inserted by Finance Act 2017 Sch 3.
- (17) For apprenticeship levy, the amount of any levy allowance to which an employer is entitled (Finance Act 2016 s99(2)).

a

#### **Indefinite article.**

For tax purposes, the word means "one". For example, in the case *Bell's College [2015] TC 4369*, a college did not meet the requirement of providing services to "a university" when it provided those services to several universities.

#### **Bills of exchange**

Abbreviation of **accepté**.

@	At. It is a symbol once commonly used for prices, such as "potatoes @ 4d a pound". It is now most commonly used as part of an email address.
A\$ or \$A	Abbreviation: Australian dollar.
£A	Amount of individual's savings allowance for income tax (Income Tax Act 2007 s12A(2) as inserted by Finance Act 2016 s4).
A01	Leaflet from the <b>Adjudicator</b> explaining his or her powers. It is available in English, Welsh and nine other languages.
A1	Description of something in the best condition. The term comes from Lloyd's Register of Shipping.
A1 form	Form issued from 1 May 2010 to UK workers travelling to other European Union countries. The form indicates that the worker is paying UK national insurance and is therefore exempt from making equivalent payments in the host country. The form is valid for 24 months. It replaces the <b>E101 form</b> which was valid for 12 months but could be extended for a further 12 months using form E102.
A1P1	Article 1/1 of the First Protocol to the European Convention of Human Rights, which has been quoted in several tax cases. It reads: "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law." "The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties."
A2 form	Form issued by HMRC giving a decision notice about whether a person is liable to pay national insurance in the UK or another European Union country. This form replaces the decision note previously issued on form 181.
A8	Abbreviation for eight of the <b>accession states</b> that joined the European Union in 2004 and whose workers were subject to the <b>Worker Registration Scheme</b> until 2011. The states are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.
AA	(1) Annual allowance. (2) Automobile Association. This organisation provides a breakdown service for motorists, but also produces widely accepted <b>AA running costs</b> of a car. (3) <b>Attendance allowance</b> . (4) Certificate issued by Mercantile Marine Office stating that a vessel and its crew are in order. (5) Abbreviation used in the formula for unauthorised employer payments in

Finance Act 2004 s213(9).  
(6) Actual amount, used in the formula in Income Tax (Trading and Other Income) Act 2005 s274AA(5).

<b>A&amp;A</b>	Additions and amendments
<b>AAA</b>	(1) Highest rating by a credit agency. It is also called a triple-A rating. A country, company or other body with such a rating will usually find it easy to borrow money at a low rate of interest. (2) Association of Authors' Agents.
<b>AAAI</b>	Associate of the Institute of Administrative Accountants.
<b>AAB</b>	Aircraft Accidents Board
<b>AAD</b>	<b>Accompanying Administrative Document.</b>
<b>AAE</b>	Actuarial Association of Europe.
<b>AAFES</b>	<b>Army and Air Force Exchange Service</b>
<b>AAG</b>	Anti-Avoidance Group, a department of HM Revenue and Customs.
<b>AAG6</b>	Form used to notify HMRC that a taxpayer is involved in a disclosed tax avoidance scheme.
<b>AAG7</b>	Form used by an employee to notify HMRC that he or she is involved in a tax avoidance scheme implemented by their employer.
<b>AAIB</b>	Air Accidents Investigation Branch.
<b>AAII</b>	<b>American Association of Individual Investors.</b>
<b>AAM</b>	<b>Agent account manager.</b>
<b>AAR</b>	<b>Advance Assurance Request.</b>
<b>AARA</b>	Aggregate amount of the relevant sums and assets. This abbreviation is used in Finance Act 2004 s185.
<b>AA running costs</b>	Tables of the cost of running a car as produced by the Automobile Association. These are regarded as authoritative. The table distinguishes between <b>standing charges</b> and <b>running costs</b> . Standing charges relate to costs of ownership of a car rather to using it. Such costs are MOT, insurance, cost of capital, depreciation and road tax. Running costs are those which relate to using the car, namely fuel, tyres, servicing, replacement parts and parking. The standing charges are amortised as a mileage charge for different bands of mileage, and added to the running costs, to give a cost per mile.

<b>AAT</b>	<b>Association of Accounting Technicians.</b>
<b>AB</b>	Able-bodied seaman.
<b>A&amp;B</b>	Arts and Business, an organisation that sought to link arts to industry.
<b>ABA</b>	American Bar Association.
<b>ab absurdo</b>	Latin expression that refers to a presumption that leads to an absurdity.
<b>abacus</b>	Device comprising beads on wires in a frame that can be used for calculating.
<b>ab agendo</b>	Latin expression that describes the inability of a person to engage in a legal activity, such as by being under age or lacking mental capacity.
<b>abandoned option</b>	When an <b>option</b> is not exercised by its expiry date. The option usually then becomes worthless.
<b>abandoned premises</b>	Dwelling that appears no longer to have a tenant. The landlord's position is set out in Housing and Planning Act 2016 from s57.
<b>abandonment</b>	<p>In law, the relinquishing of any right, claim or property, including <b>options</b>.</p> <p>This may be specific such as when a person makes it known that something has been abandoned, or may arise by the passing of sufficient time.</p> <p>The term is used in Petroleum Act 1987 to mean the abandonment of oil wells and similar installations.</p> <p>For Customs, the term means either:</p> <ul style="list-style-type: none"><li>• a direction by the owner permitting goods to be kept or destroyed as an alternative to paying duty; or</li><li>• direction to destroy counterfeit goods, as explained in Customs notice 34.</li></ul>
<b>abandonment cost</b>	<p>Costs of abandoning plant, particularly oil wells. There have been various proposals on how such costs should be accounted.</p> <p>The current method of accounting for abandonment costs was adopted when FRS 12 was introduced. The liability for these costs should be reflected in the accounts from when the entity first incurs the obligation to rectify the environmental damage caused by the plant. In practice this is likely to be at construction. The estimated costs are then capitalised and charged as an expense during the plant's useful economic life, in effect making it a second depreciation charge.</p>
<b>abandonment expenditure</b>	<p>In relation to corporation tax on oil and gas installations, this term was used in Capital Allowances Act 2001 s163(1) before 12 March 2008. The term now used is <b>decommissioning expenditure</b>.</p> <p>For corporation tax, there are provisions in Corporation Tax Act 2010 from s296.</p>

- abandonment guarantee** In relation to petroleum revenue tax, this is a contract where someone guarantees the default of a participator in an oil field in relation to a field agreement relating to abandonment costs (Finance Act 1991 s104(1)).  
The term is also used with the same definition in Corporation Tax Act 2010 s292 and Income Tax (Trading and Other Income) Act 2005 s225N.
- abandonment of offshore installations** These are subject to Petroleum Act 1998 Part 4 as amended by Energy Act 2016 Sch 2.
- abandonment programme** Notice produced by an oil company to the Secretary of State outlining the measures for abandoning an offshore installation or submarine pipeline (Petroleum Act 1998 s29(1)).  
This term is applied for tax purposes in Capital Allowances Act 2001 s163 and 165, and in Finance Act 2013 s84(5).  
For corporation tax and the oil industry, the term means “an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised)” (Corporation Tax Act 2010 s298A(10)).  
The same definition is used for inheritance tax in Inheritance Tax Act 1984 s58(7).
- abandonware** **Software** which is no longer marketed or distributed by the company that created it, but may still be obtained from other sources.
- abatable loan** Any loan which may be reduced if a defined eventuality occurs.  
The term is particularly used for payments made under an **exclusivity agreement**. An example is where an oil company pays a petrol station to buy only its petrol. The payment typically takes the form of an abatable loan in that part of it becomes repayable if the agreement ends early.  
An abatable loan is treated as a grant for the purposes of income tax and corporation tax. This means that it is taxed as trading income unless the recipient can show that the loan was for capital expenditure. Such an example would be buying display material in the logo of the oil company.
- abate** (1) Reduce in amount.  
(2) Old legal term meaning to intrude on a freehold and take possession before the heir.
- abatement** Any reduction from a full amount, such as a **pro rata** payment.  
“A reduction in the assessment of tax, penalty or interest when it is determined the assessment is incorrect” (OECD glossary of tax terms).  
In tax, the term is used in various contexts.  
A tax penalty may be abated for voluntary disclosure and co-operation.  
Under Inheritance Tax Act 1984 s29A, an exemption from inheritance tax is abated to the extent that it is settled from **beneficiary's own resources**.
- abattoir** Place for slaughtering animals.  
For VAT purposes, abattoir services are standard-rated but carcasses for

human consumption may be zero-rated as **food**. The difference was shown in the VAT Tribunal case *Darlington Borough Council [1980] VTD 961*.

**abattoir tax**

Another name for **slaughtering tax**. It is a charge made in some countries where meat is seen as a luxury product.

**abbey-laird**

Historical term for a debtor finding sanctuary in Holyrood Abbey.

**Abbey National**

Bank which was originally formed in 1874 as a building society based at a Baptist church in Kilburn.

In 1989, Abbey National became the first building society to **demutualise** and become a bank. On 12 November 2004, Abbey National was acquired by Banco Santander.

**abbreviated accounts**

Shortened form of accounts which small limited companies may file. Details are given in Companies Act 2006 s445 and supporting regulations.

**ABB**

Activity-based budgeting.

**ABC**

- (1) **Activity-based costing.**
- (2) Rudiments or elementary logic of any subject
- (3) Archbishop of Canterbury.
- (4) Audit Bureau of Circulation
- (5) Arab Banking Corporation

**ABCD**

Association of British Choral Directors.

**ABC Islands**

Aruba, Bonaire and Curaçao.

These are three islands off the north coast of Venezuela. Before 2010, they were part of the **Netherlands Antilles**.

**ABCP**

Asset-backed commercial paper.

**ABCP internal assessment approach**

Method for calculating the risk weighted exposure amount for a securitisation position in relation to an asset-backed commercial paper programme (Financial Services Authority glossary).

**ABCP programme**

An **asset backed commercial paper** programme (FCA handbook: glossary).

**ABCUL**

Association of British Credit Unions Ltd.

**Abdelghafar principles**

Principles which guide whether an Employment Appeal Tribunal will allow late submission of documents.

Under Employment Appeal Tribunal Rules SI 1983 No 2854, appeals with the main documents must be submitted within 42 days of the tribunal's judgment. EAT has a discretion to allow for a late submission.

In the case *United Arab Emirates v Abdelghafar [1995]*, the EAT established the principles that:

- (a) there is no excuse for ignorance of this time limit;

- (b) there must be a full and honest explanation for the delay; and
- (c) there must be other compelling reasons to grant the extension.

<b>abdication</b>	Renouncing a position conferred on one for life. The abdication of King Edward VIII in 1936 was given effect by His Majesty's Declaration of Abdication Act 1936. This also excluded any children (of whom there were none) from the succession. This Act remains in force.
<b>ABDP</b>	Abbreviation used in Income and Corporation Taxes Act 1988 s444ABB to denote "the amount of profits to be taken into account as profits under section 444ABD" in determining taxable profits of life assurance business. It is an abbreviation of "ABD profits".
<b>abend</b>	In computing, an <b>abnormal end</b> , when a program stops before its task is finished.
<b>Aberystwyth Mint</b>	First provincial mint in UK. It was established in Aberystwyth in Wales by Charles I in 1638. It produced coins until the start of the civil war.
<b>abettor</b>	Person who did "aid, abet, counsel or procure the commission of any indictable offence, whether the same be an offence at common law or by virtue of any Act passed or to be passed" (Accessories and Abettors Act 1861 s8). Such a person may receive the same punishment as the principal offender. A similar provision is contained in Magistrates' Courts Act 1980 s44.
<b>ab extra</b>	Latin: from outside.
<b>abeyance</b>	The state of property whose <b>ownership</b> has yet to be established.
<b>ABF</b>	(1) Actors' Benevolent Fund (2) Army Benevolent Fund.
<b>ABGH distribution</b>	Income from ring-fenced profits in the oil industry that comes within the scope of Corporation Tax 2010 s1000(1) para A, B, G or H (Corporation Tax 2010 s279F(10)).
<b>ABH</b>	(1) Association of Business Historians. (2) Actual bodily harm, a crime.
<b>ABHI</b>	Association of British Healthcare Industries.
<b>ABI</b>	Association of British Insurers. The ABI publishes guidelines on employee share schemes.
<b>Abilene Paradox</b>	In human resources, situation where a group makes a decision that is counter to the thoughts and views of individual members who do not wish to "rock the boat".
<b>ability</b>	Skill necessary to perform a simple task. In human resources, ability is widely seen as coming from natural talent,



training and experience.

**ability test**

In human resources, a form of assessment to determine a person's abilities, such as physical and mental skills, manual dexterity and ability to solve problems.

**ability to pay**

**Taxation**

Principle of taxation that contributions to public expenditure should be paid by citizens according to their means and not according to the benefits they receive, nor on a **flat rate** basis.

This principle was espoused by **Adam Smith** and has gained a general acceptance, certainly by 20th century, though putting it into practice has not always proved easy.

The three main principles are known as **equal absolute sacrifice**, **equal proportional sacrifice** and **equal marginal sacrifice**.

In the UK, ability to pay was originally by reference to *net income* after deducting such items as mortgage interest, life assurance premiums, pension contributions plus allowances for children and dependent relatives. All these have now gone except for pension contributions where the tax relief has been reduced. Ability to pay is now based on *gross income*.

**Human resources**

Method of **pay determination**. This is the principle that pay rates should be set in accordance with what the business can afford, as against **rate for the job** or **comparability**.

**ab infra**

Latin: from the inside

**ab init**

**Ab initio**

**ab initio**

Latin: from the beginning.

**ab intestato**

Latin: from an **intestate**.

**ab intra**

Latin: from inside.

**ABIST**

Autonomous built-in self test. This is the ability of certain computers to run tests on themselves.

**ablation**

Reduction or loss caused by natural causes, such as weathering or evaporation.

**able artist**

Term used in the 17<sup>th</sup> to early 19<sup>th</sup> centuries for an excise officer who would check the **gage in the cask**, in other words check on the size of beer casks.

**ABN**

Association of British Neurologists.

**abnormal**

Opposite to "normal". A financial transaction which is abnormal may need to be accounted for as **exceptional** or **extraordinary**.

The word is used in connection with **General Anti-Abuse Rule** (GAAR)

where it is not defined. So the term is therefore applied in its normal sense (HMRC GAAR guidance, January 2016, para C5.8.2).

- abnormal dividend** Dividend of abnormally large size whose payment can trigger the provisions in Corporation Tax Act 2010 from s731 to cancel a corporation tax advantage.  
Before 24 March 2010, such a dividend was also subject to provisions of Income Tax Act 2007 s692-694. This defined an abnormal dividend as one where "the dividend substantially exceeds a normal return on the consideration provided" (ibid s693(1)). It broadly required the dividend to be taxed as if returned to the company.
- abnormal end (abend)** In computing, when a program ends before the task is complete. This happens because of user action, power loss or a software fault.
- abnormal gain** A reduction in a budgeted loss in producing products which is less than the normal loss allowance. Such abnormal gains are usually accounted for as if they were completed products.
- abnormal loss** Losses which exceed the normal loss allowance in producing products. Such abnormal losses are usually accounted for as if they were completed products.
- abnormal rent increase** For stamp duty land tax, basically a rent increase of more than RPI plus 5% after the end of the fifth year.  
It can trigger an additional liability to SDLT (Finance Act 2003 Sch 17A paras 14-15).
- abnormal return** A return greater than the market return after adjusting for differences in **systematic risk**.
- abnormal transactions between year ends**  
Term for the problem which can arise in a **joint venture** when an abnormal transaction occurs between the year-ends of the venture and the investing body (if they are not the same date).  
Under FRS 9 para 31, an adjustment was made to the venture's accounts before they are consolidated with the investing body.  
Common examples of abnormal transactions include the sale of fixed assets or a significant increase in loans.
- ABO** Association of British Orchestras.
- abode** Where a person lives and sleeps at night. This was once a factor in determining **residence**. This can again be a factor under the **statutory residence test** introduced from 6 April 2013, though the word "abode" is not used.
- ab officio et beneficio** Latin: from office and benefice.  
Description of a clergyman who has been suspended.

- abolition date** Date from which a defined contribution pension scheme ceases to qualify for a contracting out rebate of national insurance (Pensions Act 2007 s15(2)). The date is 6 April 2012.  
This is renamed **first abolition date** by Pensions Act 2014 Sch 13 para 2.  
The second abolition date is when defined benefit schemes cease to qualify for rebates of national insurance under Pensions Act 2014 Sch 13. That date is 6 April 2016.
- à bon marché** French: at a good bargain, cheap.
- à bon droit** French: with justice.
- ab origine** Latin: from the very first.
- abort** Deliberately stop something prematurely, such as cancelling a project or stopping a computer program running.
- abortion** In law, the deliberate ending of a pregnancy. This may be permissible under Abortion Act 1967 s1, failing which such action is a criminal offence under Infant Life (Preservation) Act 1929 or Offences Against the Person Act 1861 s58 or s59.  
In employment law, a person who has a conscientious objection to abortion may refuse to participate in such medical intervention without suffering any detriment in their employment (Abortion Act 1967 s4).  
In payroll, a woman who has an abortion is regarded as never having been pregnant for the purposes of maternity rights and statutory maternity pay. As pregnancy is not an illness, she is not entitled to statutory sick pay for any related absence, however she may be eligible if she requires treatment for any physical or mental consequences  
*[In medical parlance, the word means any unexpected end of a pregnancy, including from natural causes.]*
- abortive acquisition benefits and expenses** Costs incurred by an employee in unsuccessfully attempting to acquire new accommodation on a relocation of workplace (Income Tax (Earnings And Pensions) Act 2003 s278).  
In general, an employer may provide a tax-free payment as **relocation expenses** provided that the benefits and expenses would have been allowable had the accommodation been acquired.  
The failure must be for reasons beyond the employee's control, including a failure of the property seller to complete.
- abortive cost** Any cost incurred which does not lead to a **return**. Where it is not known whether a cost which lead to a return, it is known as a **speculative cost**.  
For VAT, these terms are specifically used to mean the cost of finding sites for possible building development. A speculative cost is regarded as a genuine business expense on which **input tax** may be reclaimed. If a developer later decides to proceed with an aborted scheme, it may be necessary to apportion the abortive cost between business and non-business

use and disallow the latter.

**abortive expenditure**

Expenditure incurred in the unsuccessful acquisition of an asset.

For the purposes of determining whether to regard such expenditure as capital or revenue, the tax treatment is the same as if the expenditure had not been abortive. A leading case is *ECC Quarries Ltd v Watkis [1975] 51TC153*. The matter is discussed in the Inspectors' Manual at BIM35325 and from BIM38265.

Its implications for **loan relationship** are given in Corporation Tax Act 2009 s329.

Its implications for derivative contracts are given in Corporation Tax Act 2009 s607.

**abortive expenditure on realisation**

In relation to corporation tax, this is addressed by Corporation Tax Act 2009 s740.

**above par**

Description of share which is more than its **par value**.

This increase in value usually derives from the profits it has earned since it commenced trading, plus the goodwill it owns.

**above the line**

(1) Theoretical line drawn in the **profit and loss account**. Items above it are those that determine how the profit is calculated, as against those below that indicate how the profit is distributed.

(2) In government accounting, the term can refer to revenue and expenditure allowed in the Budget.

**above the line advertising**

Advertising in traditional forms, such as in magazines, television, cinemas and posters.

**above the line tax credit**

Term used to describe the change to tax credits for research and development introduced in 2013 as explained in **research and development expenditure credit**.

This changes the tax credit from being a deduction from tax liability than from taxable profits. The objective is to make the tax credit more obvious in the accounts.

**ab ovo**

Latin: from the egg.

The full expression is "ab ovo usque ad mala" which means from the egg to the apples. This means from the beginning to the end.

**ABP**

Association for Business Psychology.

**Abp**

Archbishop.

**ABPI**

Association of the British Pharmaceutical Industry.

**abr**

Abbreviation: abridged.

<b>Abraham Newland</b>	Bank of England note issued between 1782 and 1807, named after the cashier who signed it.
<b>abrasion</b>	Loss of weight of <b>coins</b> from <b>wear and tear</b> .
<b>abraxas</b>	Gem engraved with a mystical word.
<b>abridged accounts</b>	Financial statements that a company may produce outside the scope of the Companies Acts.
<b>abrogation</b>	Process of annulling a law.
<b>ABS</b>	Abbreviation: anti-lock braking system, on a vehicle.
<b>abscissa</b>	The horizontal <b>co-ordinate</b> in a two-dimensional system of <b>Cartesian co-ordinates</b> . In other words, the reading from the <b>x-axis</b> of a graph. The reading on the <b>y-axis</b> is known as the <b>ordinate</b> . The plural is abscissae, abscissas or abscisses.
<b>abscond</b>	Fail to appear as required, particularly to a court.
<b>absence</b>	Non-appearance of a person. In work, all absences should be recorded with the nature of absence (eg holiday, sickness etc) and any unauthorised or unknown absences should be investigated. In law, non-appearance in court of someone ordered to appear.
<b>absence condition</b>	Requirement that a <b>missing person</b> must have been absent for 90 days for the court to make a <b>guardianship order</b> (Guardianship (Missing Persons) Act 2017 s3(2)).
<b>absence from employment</b>	Tax term for periods when a UK employee is not at work, such as for sickness or holidays. The provision is that absence is included as employment. The term is used in Income Tax (Earnings And Pensions) Act 2003 s38.
<b>absence from UK</b>	This can establish <b>non-residence</b> for a tax year, meaning that the taxpayer avoids UK income tax.
<b>absence module</b>	Part of the human resources department of an organisation that collects details of staff absence.
<b>absence of records</b>	For national insurance, lack of records relating to earnings from 1987/88. Provisions are contained in Social Security Contributions and Benefits Act 1992 s24.
<b>absence reliefs</b>	In capital gains tax, term sometimes used for the rules that allow a taxpayer to claim <b>main residence relief</b> for a property during periods of absence. These reliefs are set out in Taxation of Capital Gains Act 1992 s223. The main reliefs are:

- delay in taking up occupation
- **overlap relief** (when two properties are temporarily owned)
- **sandwich reliefs** (for periods of work elsewhere)
- living in job-related accommodation.
- the last 18 months (36 months before 6 April 2015).

<b>absens haeres non erit</b>	Latin: the absent one will not be the heir.
<b>absenteeism</b>	Situation of workers not being at work. In business management, this should be recorded with the reason for the absence. Some absences may affect pay. Persistent absence could justify dismissal.
<b>absentee landlord</b>	Owner of property who lives away from the property from which he receives rent.
<b>absente reo</b>	Latin: the defendant being absent.
<b>absent parent</b>	<p>Term used until 18 January 2001 for the parent who does not live with a child and who usually pays maintenance to the other parent, known as the <b>parent with care</b>.</p> <p>The term "absent parent" has now been replaced by <b>non-resident parent</b>.</p>
<b>abse re</b>	Abbreviation of <b>absente reo</b> , Latin: the defendant being absent.
<b>absit</b>	<p>Latin: let him be absent.</p> <p>Leave or pass for one night, particularly from a college.</p>
<b>absit omen</b>	Latin: may there be no evil omen. In other words, may no harm result.
<b>absoluta sententia expositore non indiget</b>	Latin: an absolute judgment needs no expositor.
<b>absolute address</b>	In computing, the location in a file of data. It is also known as the machine address.
<b>absolute advantage</b>	In economics, ability to produce an output using fewer inputs than other suppliers.
<b>absolute assignment</b>	Assignment of an entire <b>debt</b> free of conditions but including an <b>assignment</b> by way of a <b>mortgage</b> or a <b>trust</b> .
<b>absolute discharge</b>	Release of an accused person with no penalty imposed on him or her.
<b>absolute entitlement</b>	When a person acquires rights to settled property (Taxation of Capital Gains Act 1992 s71).
<b>absolute entitlement to income</b>	Term used in trust law to describe the right of a beneficiary to receive income as it arises. In such a case, the trustees may deduct their reasonable expenses,

but cannot otherwise restrict the beneficiary's right to the income, as they can in a discretionary trust.

As a consequence, such income is taxed as the beneficiary's income for the tax year in which the income arises, even if it is paid in a subsequent year.

**absolute frequency**

In mathematics, the number of times a particular number occurs in a collection of numbers.

**absolute FX exposure limit**

Amount by which an **ELMI's own funds** exceed 2.5% of its **e-money outstandings** (FCA handbook: glossary).

**absolute interest**

Full and complete **ownership** of property, or a vested right of property which is liable to determined only by the failure of a **successor in title**.

In relation to a company's absolute interest as a beneficiary in an estate, the tax provisions are set out in Corporation Tax Act 2009 s943.

In relation to income tax on a beneficiary's income from an estate in administration, the term is defined in Income Tax (Trading And Other Income) Act 2005 s650 and Corporation Tax Act 2009 s935.

**absolute interest in residue**

The relationship that exists when a person has an absolute interest in the residue of the estate of a deceased person. The tax provisions are set out in Income Tax (Trading And Other Income) Act 2005 ss660 and 665, and Corporation Tax Act 2009 s937.

**absolutely entitled**

In relation to capital gains on nominee and bare trusts, the term is explained in Taxation of Capital Gains Act 1992 s60(2).

**absolute majority**

Majority in a vote where one candidate or proposition gains more votes than all the others put together.

**absolute measure of dispersion**

In statistics, a measure of **dispersion** relative to the size and distribution of the figures.

**absolute monopoly**

Control of an entire output of a commodity or service for which there is no substitute.

**absolute owner**

In relation to long funding leases for plant and machinery in Scotland, this term simply means "the owner" (Capital Allowances Act 2001 s70YI(1)).

**absolute poverty**

Inadequacy of funds such that a person cannot pay for the basics of life, such as food, shelter, hygiene, clothing, warmth and medicine.

It is more severe than **relative poverty**.

Absolute poverty can be further distinguished between **primary poverty** and **secondary poverty**.

For Scotland, a different statutory definition has been introduced of having less than 60% of median income for the year from 1 April 2010, adjusted for inflation (Child Poverty (Scotland) Act 2017 s4(1)).

<b>absolute privilege</b>	Legal rule that certain statements can never be the subject of an action for defamation. These include statements in Parliament and in court.
<b>absolute rate</b>	Interest rate expressed as a percentage rather than in relation to a <b>reference rate</b> . For example, "7%" is an absolute rate whereas "base rate + 2%" is a reference rate.
<b>absolute rate swap</b>	Interest rate swap where the interest is expressed as an <b>absolute rate</b> .
<b>absolute ratings</b>	In human resources, measure of performance or behaviour that is determined according to predetermined standards rather than as a comparison with other individuals.
<b>absolute title</b>	Evidence of <b>ownership of land</b> . Under Land Registration Act 1925 s5, there can be no-one with a better right to the land.
<b>absolute undertaking</b>	Promise by one party to a contract that that party takes full responsibility for meeting all conditions to fulfil the contract.
<b>absolute unit</b>	Unit of measure which is not derived from any other unit. The absolute units are metre, gram, second, kelvin, ampere and candela.
<b>absolute value</b>	The magnitude of a number regardless of whether it is a plus or minus number. So 7 and -7 have the same absolute value. This is also known as the <b>modulus</b> . The symbol for this is a straight vertical line used as bracket, so $ -7  = 7$ .
<b>absolutor</b>	In Scots law, "The judgment pronounced when a court decides in favour of a party against whom an action has been raised" (Judiciary of Scotland website glossary).
<b>absorb</b>	(1) The process whereby something becomes part of something larger, such as when a small business is taken over by a larger business. (2) In management accounting, the process of allocating overheads to a particular <b>cost centre</b> . This process is known as <b>absorption costing</b> .
<b>absorption</b>	<b>Management accounting</b> In management accounting, costing process whereby overheads are subsumed into the unit cost of each item produced. So, overheads of £1 million in a factory producing 20 million units would have those overheads absorbed at a rate of 5p per unit. If more than one type of unit is produced, absorption may be expressed as a percentage of direct cost, such as an additional 80%.  <b>Economics</b> Use of output by consumers in a national economy. This includes exports but excludes imports.



<b>absorption costing</b>	In management accounting, a costing method that includes all overheads as part of the cost of a finished unit of product.
<b>absorption rate</b>	Rate at which an overhead is allocated to a <b>cost centre</b> in <b>absorption costing</b> .
<b>absque dubio</b>	Latin: without a doubt. The term refers to a statement to a court whose validity is so obvious that it needs no proof.
<b>absque hoc</b>	Latin: but for this.
<b>abs re (or reo)</b>	Abbreviation of <b>absente reo</b> , Latin: the defendant being absent.
<b>abstention</b>	(1) Refraining from voting either way. (2) In USA, legal policy where a district court may decline to exercise its jurisdiction so that the matter is dealt with by a federal court.
<b>abstinence</b>	In economics, refraining from immediate consumption of resources.
<b>abstinence theory</b>	Theory that interest is a payment for abstaining from current consumption. This is also known as the <b>agio theory</b> . This theory is not widely regarded, as there are other reasons for paying interest.
<b>abstr</b>	Abbreviation of <b>abstract</b> .
<b>abstract</b>	Summary of a document or financial statement.
<b>abstracting electricity</b>	Crime committed by someone who “dishonestly uses without due authority, or dishonestly causes to be wasted or diverted, any electricity” (Theft Act 1968 s13).
<b>abstraction</b>	Process of obtaining water. Charges for doing so are zero-rated for VAT under Value Added Tax Act 1994 Sch 8 Group 2, as explained in VAT notice 701/16.
<b>abstraction licence</b>	Licence to abstract water issued under Water Resources Act 1991 s24A.
<b>abstraction of water</b>	Removal of water from a river or other natural source. An <b>abstraction licence</b> is usually required, though there are exceptions for abstracting small quantities and for collecting rain.
<b>abstract number</b>	Number without consideration as to what it may represent.
<b>abstract of record</b>	In USA, complete case history in summary form for further court hearing.
<b>abstract of title</b>	A chronological statement of the instruments and other means by which a person is entitled to property. The abstract shows all <b>incumbrances</b> to which the property is subject.

<b>abstract reasoning</b>	In human resources, the process of perceiving issues and reaching conclusions by the use of symbols and generalised information rather than from factual data.
<b>abstractor</b>	Person who makes <b>abstracts</b> of documents. This was a formal position within the Civil Service.
<b>abt</b>	About.
<b>ABTA</b>	Association of British Travel Agents.
<b>ABTOT</b>	Association of Bonded Travel Organisers Trust.
<b>ABTT</b>	Association of British Theatre Technicians.
<b>abus de droit</b>	French: abuse of right. Concept in French and other European law that allows the tax authorities to restate an agreement in terms that reflect its reality, and to calculate tax according to that restatement.
<b>abuse</b>	(1) Any action, including violence, that is intended to intimidate its victim. (2) Derogatory words that serve only to insult its target. (3) In relation to secure tenancies, the word “means — (a) violence. (b) threatening, intimidating, coercive or controlling behaviour, or (c) any other form of abuse, including emotional, financial, physical, psychological or sexual abuse” (Housing Act 1985 s81B(2C) as inserted by Secure Tenancies (Victims of Domestic Abuse) Act 2018 s 1(2)).
<b>abuse of discretion</b>	In USA, review of the discretion exercised by trial courts and administrative bodies by the appellate courts. It is similar to the British process of <b>judicial review</b> .
<b>abuse of dominant position</b>	Using a dominant position in a market to impose unfair trading conditions (Competition Act 1998 s18). This is also an offence under European law under Treaty of Rome article 86 and successor legislation. A company committing an offence can be fined up to 10% of its annual turnover. Such a fine of £52 million was imposed on Tetra Pak in 1996. The Office of Fair Trading or its successor body may take steps to address such abuse.
<b>abuse of law</b>	“The doctrine which allows the tax authorities to disregard a civil law form used by the taxpayer which has no commercial basis” (OECD glossary of tax terms).
<b>abuse of law doctrine</b>	Procedure followed in many European countries, similar to the UK concept of <b>substance over form</b> . The doctrine broadly allows the authorities to disregard a legal form in favour of the underlying reality.

<b>abuse of position</b>	<p>One of the three bases of the crime of <b>fraud</b> under Fraud Act 2006 s2(2). A person is guilty of fraud by abuse of position "if he: (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, (b) dishonestly abuses that position, and (c) intends, by means of the abuse of that position: (i) to make a <b>gain</b> for himself or another, or (ii) to cause <b>loss</b> to another or to expose another to a risk of loss" (Fraud Act 2006 s4(1)). "A person may be regarded as having abused his position even though his conduct consisted of an omission rather than an act" (ibid s4(2)).</p>
<b>abuse of process</b>	<p>Tort where damage is caused by using a legal process for an ulterior collateral purpose. Examples include <b>malicious prosecution</b>.</p>
<b>abusive practice</b>	<p>For VAT, an abusive practice exists if: (a) a transaction creates a tax advantage contrary to the <i>purpose</i> of the law, even if it complies with the letter of the law; and (b) the purpose of the transaction was tax avoidance. This ruling was given by the European Court of Justice in the case <i>Halifax v Customs [2006]</i>.</p>
<b>abusive relationship</b>	<p>Marriage or other domestic relationship where one party seeks to intimidate the other or others by violence or other abuse. "Domestic violence (also called intimate partner violence (IPV), domestic abuse or relationship abuse) is a pattern of behaviours used by one partner to maintain power and control over another person in an intimate relationship" (National Domestic Violence Hotline website). Being in an abusive relationship was a factor in excusing a wife from tax as a company director in the case <i>R Vowles [2017] TC 6123</i>.</p>
<b>abv</b>	<p><b>Alcohol by volume.</b></p>
<b>ABWOR</b>	<p>Absent by way of representation</p>
<b>AC</b>	<p>(1) Since 1875, part of the <b>citation</b> for reported appeal cases heard in court. (2) Allowable costs of a contractor in pricing a defence contract (Defence Reform Act 2014 s15(4)). [The abbreviation has many other meanings.]</p>
<b>a/c</b>	<p><b>Account.</b></p>
<b>ACA</b>	<p>Designatory letters of an associate member of the Institute of Chartered Accountants in England and Wales, or the Institute of Chartered Accountants of Ireland. After ten years, Associates may become Fellows and take the letters FCA.</p>
<b>academic</b>	<p>Person engaged in research or teaching at a university or similar place of learning. The term is not usually applied to school teachers. For tax purposes, academics are subject to income tax and national</p>

insurance as employees; it is very difficult for an academic holding a post to claim any payment for his work on a self-employed basis.

Academics can avoid a tax charge for accommodation provided, if it is necessary or customary for the duties of the employment. An academic may be able to claim a tax deduction for expenses for a private study or similar.

<b>academic year</b>	Period from 1 September to following 31 August which corresponds to years at school or in college. Most educational establishments use the financial year from 1 April, even though this means its accounts span two academic years.
<b>academy</b>	Educational establishment, particularly one established under Academies Act 2010. In 2016, the government announced that all schools were to become academies by 2021, but backed down in face of protests. Academies may claim back VAT on a similar basis to local authority schools, under the provisions of Value Added Tax Act 1994 s33B.
<b>academy agreement</b>	Arrangement made between the government and a school that becomes an academy (Academies Act 2010 s1(3)).
<b>academy financial assistance</b>	Payment from the government to an <b>academy</b> (Academies Act 2010 s1(4)).
<b>academy order</b>	Order made by the government to allow a school to become an <b>academy</b> (Academies Act 2010 s4).
<b>ACAS</b>	<b>Advisory, Conciliation and Arbitration Service.</b> This is an arbitration body which now exists under Trade Union and Labour Relations (Consolidation) Act 1992 s247. It was formed in 1975 to promote the improvement of industrial relations. “We provide information, advice, training, conciliation and other services for employers and employees to help prevent or resolve workplace problems” (ACAS website).
<b>ACAT</b>	Association of Church Accountants and Treasurers.
<b>acates</b>	Bought provisions.
<b>ACC</b>	Accident Compensation Corporation, of New Zealand.
<b>ACCA</b>	(1) Association of Chartered Certified Accountants. Previously the initials of the same body stood for Association of Certified and Corporate Accountants. (2) As designatory letters, an Associate member of the above body. After five years, Associates usually become Fellows and take the letters FCCA.
<b>ACCAC</b>	Awdurdod Cymwtsterau, Cwricwlwm ac Asesu Cymru. This is the Qualifications, Curriculum and Assessment Authority for Wales.
<b>ACC Bank</b>	Irish Bank established in 1927 to finance agriculture. The letters originally stood for Agricultural Credit Corporation. In 2002, it became part of Rabobank. It cease offering banking services on 30 May 2014 but maintains its

loan book.

**acce** Acceptance, such as for a bill of exchange.

**accelerate** To increase the speed.

In finance, this term is often used when a maturity date of a financial instrument is brought forward.

**accelerated cost recovery system (ACRS)**

American term for a form of **depreciation**.

**accelerated depreciation**

The **depreciation** of a fixed asset more quickly than would otherwise be appropriate. The **capital allowance** for tax purposes is often seen as a form of accelerated depreciation.

“Method of depreciation under which taxpayers may allocate larger depreciation deductions to the first year or first few years of useful business assets, such as plant and machinery” (OECD glossary of tax terms).

The term was also used for the former **development areas** where accelerated depreciation produced a tax advantage.

**accelerated fatigue test**

In engineering, repeated applications of a load or stress to determine a machine's safe life.

**accelerated payment notice (APN)**

“A requirement to pay an amount of account of tax or national insurance contributions (NICs). HM Revenue and Customs issues accelerated payment notices to taxpayers involved in avoidance schemes disclosed under the disclosure of tax avoidance schemes (DOTAS) rules, or counter-acted under general anti-abuse rule (GAAR). They can also be issued to taxpayers who have received a **follower notice** in relation to the scheme. The effect of the notice is to ensure that disputed tax or NICs rest with the Exchequer in an avoidance case, so removing the cash flow advantage enjoyed by users of tax avoidance schemes and the benefit they currently have over the majority of taxpayers who pay their tax and NICs up front” (government website).

The main points of an APN are:

- HMRC sends a letter warning of the APN “some weeks in advance”
- the tax must ordinarily be paid within 90 days
- failure to pay an APN is itself an offence attracting a penalty additional to any other penalties that may be imposed
- APNs are issued on a scheme by scheme basis, so a taxpayer may not receive all APNs at once
- an APN applies to only one tax year, so more than one APN may be issued if a scheme is used for more than one year
- paying an APN does not discharge the tax liability, nor does it protect the taxpayer from penalties
- there is no appeal as such against an APN, but the taxpayer may make representatives to HMRC within 90 days of receipt
- the amount of an APN may be different from the amount of a

settlement opportunity.

The law on APNs is Finance Act 2014 from s219.

- acceleration** (1) In law, bring forward any stage in a legal process.  
(2) In computing, any arrangement whereby the speed of an operation is determined by the user. Common examples are where the speed of controlling is determined by where the cursor is placed, and where the speed of the mouse movement on the screen is determined by the speed of its movement by the operator.
- acceleration clause** Provision in a contract (particularly an American contract) which brings forward the date of a provision in the contract if a defined possibility happens. Most commonly this requires immediate payment for a breach of contract.
- accelerator** Economic term for the process by which changes in demand for **consumer goods** bring about larger variations in the demand for **capital equipment** to make them. The accelerator is often blamed for booms and slumps in the economy.
- accelerator board (or card)** Additional board or card put into a computer to speed up its operation.
- accelerator model** Economic model which states that businesses invest more when output is rising than when it is falling.  
A rise in demand means that there is a rise in output, therefore businesses can see the need for greater investment.
- acceptable accounting practice** In relation to investment companies, "means —  
(a) international accounting standards,  
(b) UK generally accepted accounting practice, or  
(c) accounting practice which is generally accepted in the country in which Y [the ultimate parent company] is resident"  
(Corporation Tax Act 2010 s9A(7)).
- acceptable distribution policy** In tax, a policy which a **controlled foreign company** (CFC) could adopt to avoid a liability for UK corporation tax. This policy was replaced from 1 July 2009.  
The basic provision was that the CFC must distribute at least 90% of its profits as dividends within 18 months of the end of its accounting period. To the extent that the dividends are paid to UK shareholders, they come within the scope of UK tax. Some further conditions were introduced from 12 March 2008 as anti-avoidance provisions. The law is in Corporation Tax Act 1988 Sch 25 (now repealed by Finance Act 2009 s36 and Sch 16).
- acceptable quality level** Predetermined standard of products which are considered suitable for sell. It is normal to test a random sample of sufficient size against the standard.
- acceptable structured finance arrangements** In relation to occupational pension schemes, this term is defined in Finance Act 2004 s196, s196E and s 196G as one that meets a series of conditions set out later in the Act.

<b>acceptable use policy (AUP)</b>	In computing, set of rules which determine what users may do without causing unnecessary offence to others. An AUP is particularly common on Internet sites.
<b>acceptance</b>	<p><i>Contract</i></p> <p>Legal process of agreeing what someone else has proposed or provided. A <b>contract</b> is made when an <b>offer</b> by one party is accepted by the other.</p> <p>A buyer of goods is regarded as having accepted the goods when he “intimates to the buyer that he has accepted them or ... does any act in relationship to them which is inconsistent with the ownership of the seller” (Sale of Goods Act 1979 s35(1)).</p> <p><i>Bills of exchange</i></p> <p>Where a person takes over the duty to pay a <b>bill of exchange</b>.</p> <p>This may be either a <b>general acceptance</b> or <b>qualified acceptance</b>. This is usually effected by writing “accepted” on the face of the bill.</p>
<b>acceptance credit</b>	Method of payment used for international trade, whereby an <b>accepting house</b> may agree to honour <b>bills of exchange</b> for a foreign trader it regards as sufficiently reputable in the same country as the other party.
<b>acceptance in blank</b>	An <b>acceptance</b> of a letter of credit before all the details have been entered. It is similar to a <b>blank cheque</b> .
<b>acceptance in lieu</b>	“This allows a person who is liable to pay inheritance tax, capital transfer tax or estate duty to settle part, or all of the debt, by disposing of a work of art or other object to [HM Revenue and Customs]” (VAT notice 701/12).
<b>acceptance letter</b>	<p>Any letter that accepts something offered.</p> <p>Under Code of practice COP 9, the term means a letter from a taxpayer suspected of fraud accepting investigation under the <b>Contractual Disclosure Facility (CDF)</b>. Details of the letter and CDF are given in the revised COP 9 issued on 19 January 2012.</p>
<b>acceptance of a bill</b>	Written agreement provided by a person on whom a <b>bill of exchange</b> is drawn that he will accept the order of the person to whom the bill was drawn.
<b>acceptance of service</b>	An endorsement on a writ by a defendant’s solicitor to indicate that he has accepted the writ on the defendant’s behalf.
<b>acceptance sampling</b>	Where a customer accepts or rejects goods on the basis of testing a sample.
<b>acceptance supra protest</b>	Acceptance or payment of a dishonoured bill of exchange by a person who wishes to protect the reputation of the drawer.
<b>acceptance value</b>	Statistically, the greatest number of defects which are tolerated in a sample for it to be accepted without a need for further testing.

- accepté** French: accepted.  
This is sometimes written on an accepted **bill of exchange** either in full or simply as "a".
- accepted channel for dissemination of information**  
In financial markets, "an approved channel of communication by which information concerning investments traded on the market is formally disseminated to other market users on a structured and equitable basis" (FCA handbook: glossary).
- accepted market practice**  
In financial markets, "practices that are reasonably expected in the financial market or markets in question and are accepted by the FSA [now FCA] or, in the case of a market situated in another EEA state, the competent authority of that EEA State within the meaning of the **Market Abuse Directive**" (FCA handbook: glossary).
- acceptilation**  
Remission of a debt on payment of a nominal sum, under Roman and Scots law.
- accepting deposits**  
"The regulated activity... which is in summary accepting deposits if:  
(a) money received by way of deposit is lent to others; or  
(b) any other activity of the person accepting the deposit is financed, wholly or to a material extent, out of the capital of or interest on money received by way of deposit" (FCA handbook: glossary).
- accepting house**  
Bank or other financial institution which is prepared to accept **bills of exchange** from foreign traders it considers sufficiently creditworthy. Such a backing for a bill makes it worth more.
- Accepting Houses Committee** Body comprising the main merchant banks in London.
- acceptor**  
Person who accepts a bill of exchange. Their liability is given in Bills of Exchange Act 1882 s54.
- access**  
(1) The right to enter land, be with one's child, or similar permission or right.  
Customs' rights of access of a boarded vessel are set out in Customs and Excise Management Act 1979 s28.  
(2) In computing, retrieve information from a storage device.
- Access Card**  
Credit card first issued in 1972 by a consortium of National Westminster Bank, Midland Bank (now HSBC), Lloyds Bank and the Royal Bank of Scotland. The card was a rival to the existing **Barclaycard**.





The brand merged with the international card **Mastercard** in 1996 when the Access name disappeared, though its distinctive slogan based on a stylised letter A can still be seen in some old shops.

<b>access charge</b>	Cost of gaining access to a bulletin board or other subscription website.
<b>access code</b>	In computing, a sequence of letters and numbers which must be keyed in to use a program or access data.
<b>access control</b>	In computing, any form of hardware or software device which is designed to prevent hacking or other unauthorised use of a computer system.
<b>access control list (ACL)</b>	In computing, system which uses user names and passwords to restrict access to computers.
<b>access controls</b>	<p>For auditing, "procedures designed to restrict access to on-line terminal devices, programs and data. Access controls consist of "user authentication" and "user authorization". "Use authentication" typically attempts to identify a user through unique longon identifications, passwords, access cards or biometric data. "User authoizrations" concists of access rules to determine the computer resources each user may access. Specificially such procedures are designed to prevent or detect:</p> <ul style="list-style-type: none"><li>(a) unauthorized access to on-line terminal devices, programs and data;</li><li>(b) entry of unauthorized transactions;</li><li>(c) unauthorized changes to data files;</li><li>(d) the use of computer programs by unauthorized personnel; and</li><li>(e) the use of computer programs that have not been authorized."</li></ul> <p>(FRC Auditing Standards and Guidelines glossary)</p>
<b>access counter</b>	In computing, program which counts the number of people who access a website.
<b>accessibility</b>	In human resources, the extent to which a person in authority is readily available and easily approachable.
<b>accessible copy</b>	Copy of a copyright work which is enlarged or otherwise adapted to make it useable by someone with poor sight. One such copy may be made without requiring permission or breaching copyright under Copyright, Designs and Patents Act 1988 s31A, as inserted by Copyright (Visually Impaired Persons) Act 2002 s1.
<b>accession</b>	<ul style="list-style-type: none"><li>(1) Formal acceptance of a treaty by a country.</li><li>(2) Process whereby someone automatically assumes a role on the death</li></ul>
<b>accession country</b>	Another name for an <b>accession state</b> .
<b>accession states</b>	<p>Countries which have recently joined the European Union.</p> <p>The term is sometime also used to mean a country wishing to join the EU.</p>

<b>accession taxes</b>	<p>Taxes on lifetime gifts and legacies. The term was particularly used in early 20<sup>th</sup> century American tax literature.</p> <p>No such tax has been imposed in the UK, though <b>capital transfer tax</b> was a similar tax from the perspective of the donor.</p> <p>An accession tax was introduced in Japan in 1950 on the recommendation of the <b>Shoup Mission</b>.</p>
<b>accession treaty</b>	<p>EU treaty which permits a state or states to join the European Union.</p>
<b>accession worker</b>	<p>Worker who has come to the UK from a country which has recently joined the European Union.</p>
<b>accession worker card</b>	<p>Document given to an <b>accession worker</b> to show that the holder may legally work in the UK.</p>
<b>access line</b>	<p>In computing, a communications line which is permanently connected.</p>
<b>access log</b>	<p>In computing, a register kept on a computer of all websites that have been accessed, with the date and time.</p>
<b>access method</b>	<p>In computing, the way in which different devices may gain access to a computer network or to each other.</p>
<b>Access NI</b>	<p>Northern Ireland equivalent to <b>Disclosure and Barring Service</b>.</p>
<b>accessories</b>	<p>Additional products which may be sold to provide further functions for a product, such as attachments to do different types of stitching on a sewing machine.</p> <p>Spare parts and consumable parts are often also regarded as accessories. Many manufacturers make more profit on accessories, spare parts and consumables than on the main product.</p>
<b>accessory</b>	<p>In relation to a company car, any item of equipment that is added to a car with exceptions for:</p> <ul style="list-style-type: none"><li>• employment- specific additions</li><li>• conversion to run on road fuel gas</li><li>• equipment for a disabled driver</li><li>• mobile telephone.</li></ul> <p>(Income Tax (Earnings And Pensions) Act 2003 s125(2)).</p> <p>Such an accessory increase the list price of the car from which the taxable benefit in kind is calculated.</p> <p>The Act makes a distinction between a <b>standard accessory</b> and a <b>non-standard accessory</b>.</p>
<b>accessory after the fact</b>	<p>Person who helps someone to profit from their crime but who was not involved in the crime, such as a receiver of stolen goods or someone who hides a criminal.</p>

<b>accessory before the fact</b>	Person who is aware of someone's intention to commit a crime but who is not otherwise involved in committing it.
<b>accessory mineral</b>	Mineral which is not regarded as the main product of a mine. Silver is often an accessory mineral in a zinc mine.
<b>access provider</b>	In computing, company which gives access to Internet and e-mail facilities.
<b>access rights</b>	In relation to data processing, the right of a <b>data subject</b> to know what is held on file about him or her. This right can be found in Data Protection Act 2018, particularly s45.
<b>access road</b>	Road built to provide access to property. For VAT purposes, work on building access roads is standard-rated, and not zero-rated as part of the construction of the property. The matter was considered by the VAT tribunal in the case <i>M, G &amp; N Smith [2001] VTD 17035</i> .
<b>access speed</b>	In computing, how fast the computer can obtain data from a drive.
<b>access time</b>	Time taken by a computer to retrieve data from a file.
<b>accident</b>	Unforeseen event which happens by chance or design. The term is particularly used for an adverse event. Compensation for an accident is usually tax-free but may be adjusted for tax according to the <b>Gourley principle</b> .
<b>accidentally destroyed</b>	Term used for <b>beer duty</b> in relation to liquor accidentally lost, such as spillage in a road accident. If the loss is "significant" (not defined) it must be separately reported for duty not to be payable (Customs notice 226).
<b>accident insurance</b>	Commercial arrangement whereby an insurer will pay a sum to someone who suffers loss from an unintended event. It is defined as "providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the person insured... : (a) sustaining injury as the result of an accident of a specified class; (b) dying as a result of an accident of a specified class; or (c) becoming incapacitated in consequence of disease... of a specified class....." (FCA handbook: glossary).
<b>accident insurance fund</b>	Fund maintained by a business to meet its own insurance claims up to a limit.
<b>accidental death</b>	Death of a person which arises from an accident rather than from illness. Some insurance policies pay a higher sum for accidental death than for other deaths.
<b>accidental death and dismemberment (ADD)</b>	Loss of life or limbs through accident.

Insurance against such eventualities is generally available.

<b>accidental death benefit</b>	A provision that may be added to a life insurance policy which provides payment of an additional benefit in the case of death resulting from an accident.
<b>accidental failure</b>	In the context of a trade union ballot, this is where non-compliance with a legal requirement is "accidental and on a scale which is unlikely to affect the result of the ballot" (Trade Union and Labour Relations (Consolidation) Act 1992 s232B(1)(b)). An accidental failure does not invalidate the ballot.
<b>accidentalia</b>	Latin: accidental events. The term means events that affect a contract but which are beyond the control of the parties to the contract.
<b>accident benefit scheme</b>	<p>"An employee benefit scheme under which benefits may be provided only by reason of a person's disablement, or death, caused by an accident occurring during the person's service as an employee of the employer" (Corporation Tax Act 2009 s1296).</p> <p>Payments to such a scheme are generally deductible from taxable profits.</p>
<b>accident insurance</b>	Insurance for a specified accident, such as the loss of an eye or limb.
<b>accommodated party</b>	American term for a person from whom the <b>accommodation maker</b> signs a note.
<b>accommodating movements</b>	In economics, the traditional method of addressing balance of payment deficits by countries moving gold or currency abroad.
<b>accommodation</b>	<p><b>General</b></p> <p>General name for any property used for residence.</p> <p>The term also means any means of meeting a want, such as accommodating a person by providing funds.</p> <p><b>Provided to employee</b></p> <p>From 1977/78, the provision of such property for an employee can create a tax liability for the employee. Provision of accommodation can also count towards the <b>national minimum wage</b> up to the limit of the <b>accommodation offset</b>.</p> <p>If an employee is provided with accommodation, this will usually create a taxable benefit unless the accommodation is traditional for the work done (eg clergy), necessary for the job (eg caretaker) or needed for the security of the employee.</p> <p>Certain expenses in relation to accommodation are also exempt from tax (Income Tax (Earnings And Pensions) Act 2003 s313).</p> <p>The charge is calculated on the notional rent according to the property's rateable value.</p> <p>From 6 April 1984, there is a second tax liability if the property cost more than £75,000 (which figure has not changed). The charge is the excess multiplied by the <b>official rate of interest</b>.</p>

Before 1983, an employer could make a tax-free contribution to an employee for moving to a higher cost housing area. The limit was based on figures used in Civil Service. This is no longer available, though an employee may be able to receive a tax-free sum for **relocation**.

The current tax provision for employee accommodation is being reviewed.

#### ***VAT on employee accommodation***

For VAT, "if your business provides domestic accommodation for employees, you can treat any any VAT incurred as input tax" (VAT Notice 700).

#### ***Provided to non-employee***

A business may provide accommodation to a non-employee such as allowing contractors to use company premises.

Such accommodation is generally regarded as part of the price paid to the contractor, and is therefore allowable. The matter is discussed in the Inspector's Manual at BIM 45046.

#### ***Tax deductibility***

The extent to which accommodation is tax-deductible is discussed in the Inspectors' Manual at BIM37928.

The position for MPs is given in Income Tax (Earnings And Pensions) Act 2003 s292.

#### ***Business accommodation***

Business accommodation is a normal expenses of a business and may be deducted from taxable profits.

A trader who lets **surplus business accommodation** may regard that as part of his trading income under Income Tax (Trading And Other Income) Act 2005s21 or Corporation Tax Act 2009 s44.

#### ***Other meanings***

Arrangement whereby money is lent for a short period.

#### **accommodation agency**

Body that provides details of accommodation available for prospective tenants.

Under Accommodation Agencies Act 1953, it is generally illegal for the agency to make a charge to the prospective tenant.

#### **accommodation allowance**

Allowance provided to a member of the armed forces. It is defined in Income Tax (Earnings and Pensions) Act 2003 s297D as inserted by Finance Act 2018 s8. Such allowance is not taxable.

#### **accommodation bill**

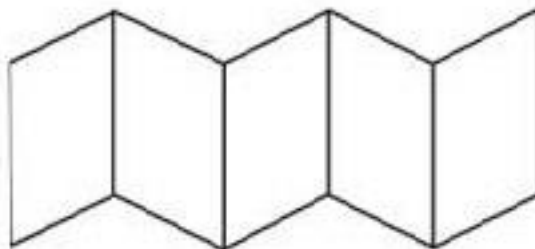
**Bill of exchange** drawn for the sole purpose of **discounting** it as the bill does not represent payment for any goods or services. In practice, it is a form of short-term credit.

<b>accommodation endorser</b>	Person or business who endorses a loan made by another person, such as when a parent company endorses a loan from a subsidiary.
<b>accommodation maker</b>	American term for a person who signs a note as <b>acceptor</b> .
<b>accommodation offset</b>	<p>Value which may be attributed to employer-provided accommodation in determining whether a worker has been paid the <b>national minimum wage (NMW)</b>.</p> <p>The NMW rules require workers to be paid a gross wage in cash at a minimum hourly rate. Generally, the value of any non-cash benefits is ignored. The sole exception to this rule is that accommodation may be given a value towards the NMW. From 1 October 2003, this is calculated at a daily rate. Previously there was also an hourly rate.</p>
<b>accommodation outgoings</b>	<p>Expenses that may be free of income tax when reimbursed to a minister of religion.</p> <p>The expenses are heating, lighting, cleaning and gardening. The exemption is contained in Income Tax (Earnings And Pensions) Act 2003 ss290A-290B as inserted by SI 2010 No 157 with effect from 1 April 2010. Previously this was exempted by <b>extra-statutory concession A16</b>.</p>
<b>accommodation party</b>	"A person who has signed a bill [of exchange] as drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person" (Bills of Exchange Act 1882 s28(1)).
<b>accommodation tie</b>	<p>One of the <b>sufficient ties test</b> that is part of the <b>statutory residence test</b> for tax purposes.</p> <p>The tie is met if the taxpayer has accommodation available in the UK and spends at least one night there during the year. It must be available for at least 16 days if the home of a close relative, or 91 days otherwise.</p>
<b>accommodation unit</b>	Single place of residence, however small. The term was used by the Ministry of Health in the late 1940s.
<b>accommodatory monetary policy</b>	<p>Economic policy where the supply of money expands to meet its own demand.</p> <p>Such a policy is desirable when the economy is itself growing as otherwise the money supply would restrict growth. If the policy is followed when there is no economic growth, it is likely to lead to excess demand or high inflation, either of which are likely to lead to <b>restrictive monetary policy</b>.</p>
<b>Accompanying Administrative Document (AAD)</b>	For Customs purposes, a control document required for movements of excise goods in duty suspension within the European Union (EU) and for export.
<b>accomplice</b>	Person who assists another in the commission of a crime.

**accord** Agreement, such as performance under a contract or settlement of a legal dispute. The term literally means to be heart to heart.

**accord and satisfaction** Process of paying money or providing other consideration to settle a legal liability.

**accordion fold** Term which describes how continuous computer stationery is usually folded. The term comes from the fold on the bellows of an accordion.



**account**

- (1) Category of income or expenditure, asset or liability, or any other item in the financial records.
- (2) Period for trading stock.
- (3) In law, an **equitable** remedy whereby one person must provide funds to another.
- (4) The term is given a specific meaning in Dormant Bank and Building Society Accounts Act 2008 s9.
- (5) The term is given a specific meaning in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).

**accountability** Relationship whereby someone must answer for their conduct to someone else.

In finance, directors are accountable to shareholders, a treasurer of a body is accountable to its members, among other examples.

The preparation of most accounts exist to meet this requirement. The scope of the accounts therefore requires an understanding of the relationship in relation to the rights and duties of the relevant parties.

**accountability objective** One of the objectives of the **Charity Commission** (Charities Act 2011 s14).

**accountable plan** The term is usually used to describe a staff expense allowance which:

- provides reimbursement for deductible business expenses,
- requires those expenses to be substantiated, and
- requires any excess payments to be returned.

**account activity** Term used on bank statements to summarise transactions.

**account aggregation** Banking term for the provision which allows a customer to see details of several account at once on-line, usually by accessing other websites at the same time by such methods as **screen scraping**. Accounts can include credit cards, mortgages, loans, investments and even points earned in **loyalty schemes**.

Account aggregation was introduced in USA in 2000 and in UK in 2001.

The service is offered by an **aggregator**. Customers should be careful about using an aggregator.

A **server-side aggregator** requires disclosure of **PIN numbers** and **passwords**, posing an obvious security risk. It is also possible that this breaches the conditions of the accounts. Other aggregators offer the services of a **digital safe** whereby PIN numbers and passwords are retained on the customer's computer.

## accountancy

### **General**

The work or study of an accountant. The *practice* of an accountant is better described as "accounting".

### **VAT flat rate scheme**

Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
<b>4 January 2011</b>	14.5%
<b>1 January 2010</b>	13%
<b>1 December 2008</b>	11.5%
<b>1 January 2004</b>	13%

## accountancy bodies

Professional associations for accountants.

In the UK there are six accounting bodies which hold a royal charter:

- (a) Institute of Chartered Accountants in England and Wales;
- (b) Institute of Chartered Accountants of Scotland;
- (c) Institute of Chartered Accountants of Ireland;
- (d) Association of Chartered Certified Accountants;
- (e) Chartered Institute of Management Accountants; and
- (f) Chartered Institute of Public Finance and Administration.

These bodies are commonly known by the abbreviations ICAEW, ICAS, ICAI, ACCA, CIMA and CIPFA.

Members of the first three bodies are called chartered accountants, of the fourth are known as either chartered certified accountants or just certified accountants, of the fifth are known as chartered management accountants.

There are also **second-tier bodies**, predominantly the Association of Accounting Technicians.

There are also more specialist bodies, such as Chartered Institute of Taxation, Chartered Institute of Payroll Professionals and Institute of Chartered Secretaries and Administrators.

## accountancy conventions

Those accounting principles that are so widely accepted, it may be assumed that accounts comply with them unless explicitly stated otherwise. Conventions have now been superseded by **accounting concepts**.

## Accountancy Europe

The name adopted from December 2016 by the **Federation of European Accountants**.

## accountancy evidence

Evidence from the practice adopted in the accounts of a taxpayer. HMRC will "consider accountancy evidence to be informative but not determinative",



particularly in regard to whether an item is capital or revenue (Inspectors' Manual at BIM35210).

**accountancy expenses**

Another term for **accountancy fees**.

**accountancy fees**

Fees paid for accountancy work.

The extent to which such fees are tax-deductible depends on the purpose of the work done. The matter is discussed in the Inspectors' Manual at BIM37850.

**accountancy firm**

A business partnership or limited liability partnership (or possibly a limited company) in which the partners are qualified accountants. The firm undertakes work for clients in respect of audit, accounts preparation, tax and similar activities.

**accountancy profession**

The collective body of persons qualified in accounting, and working in accounting-related areas. Usually they are members of a professional **accountancy body**.

**accountancy rental earnings**

In relation to anti-avoidance for plant and machinery leasing, this term has a specific meaning in Corporation Tax Act 2009 s897.

**accountancy rental excess**

For taxation of finance leases, this term is defined in Income Tax Act 2007 s614BH.

For anti-avoidance purposes, the term is defined in Corporation Tax Act 2009 s907(1).

**accountancy service provider (ASP)**

Person or business who provides the services of auditing, accounting or tax advice and who is not a member of a professional body or otherwise regulated. If an ASP has a sufficiently large turnover, it must, from 1 April 2008, register with HMRC under laws on **money laundering**.

**accountancy services**

Services of an accountant or accounting firm. Such a service is a supply which is usually standard-rated for VAT.

**accountant**

Person who is qualified or experienced in accountancy. There is no requirement for a person to have a formal qualification to be so described.

In terms of representing a client before a tax tribunal, it was held that an accountant means someone who is a current member of an accounting body (*Cassell v Crutchfield (No 1) Ch D [1995] 69 TC 253*). In that case, the tribunal refused to hear a man who had been struck off from two accountancy bodies. The rights of audience are now governed by SI 1994 No 1812.

**Accountant and Controller General (A&CG)**

A division within HMRC, responsible for managing the department's accounting systems, financial information and cash.

**Accountant General of the Supreme Court**

Person to whom cheques are made payable in the High Court.

The term usually includes the Accountant General of the Supreme Court

of Judicature of Northern Ireland (eg Taxation of Capital Gains Act 1992 s61(3)).

<b>Accountant in Bankruptcy</b>	Scottish official who oversees bankruptcies in Scotland.
<b>accountant of court</b>	In Scots law, "an officer of court who formerly supervised the conduct of judicial factors and persons appointed as guardians of adults with incapacity" (Judiciary of Scotland website glossary). The functions are now administered by the Accountant in Bankruptcy and the Public Guardian.
<b>accountant's opinion</b>	Term sometimes used for <b>audit opinion</b> .
<b>accountant's report</b>	Statement by an accountant relating to a company which is seeking investment. The London Stock Exchange require such a report in the <b>prospectus</b> for such a company.
<b>accountants' papers</b>	<p>Documents which an accountant creates in the preparation of accounts, tax returns and similar. They are <b>working papers</b>. Those which explain how figures in a tax return relate to figures in accounts are known as <b>link papers</b>.</p> <p>Every paper must have three headings:</p> <ul style="list-style-type: none"><li>• name of client or entity to which it relates;</li><li>• accounting period or tax year to which it relates;</li><li>• and nature of the document, such as calculation of depreciation or bank reconciliation.</li></ul> <p>While accountants' papers do not enjoy the same privileged status as lawyers' papers, they have some protection. Inland Revenue Statement of Practice SP 5/90 identifies three types of paper which cannot be required by HMRC:</p> <ul style="list-style-type: none"><li>• papers creating for the purpose of a tax appeal;</li><li>• audit papers; and</li><li>• tax advice.</li></ul> <p>This protection is lost if the papers are essential to understand figures in a tax return, or where the <i>accountant</i> is convicted of a tax offence.</p>
<b>accountants' working papers</b>	Another name for <b>accountants' papers</b> .
<b>account balance aggregation and currency rules</b>	<p>Rules to be followed in complying with international tax sharing agreements known as <b>DAC</b>, <b>CRS</b> and <b>FATCA</b> agreement.</p> <p>They are given statutory effect in UK by SI 2015 No 878 para 2(5).</p>
<b>account code</b>	Indication of an <b>account</b> in a business's accounting system. Typically this comprises a code of letters, numbers or both, which the business has devised for its own use.
<b>account end</b>	The end of an <b>accounting period</b> .
<b>account executive</b>	Term used by many <b>service companies</b> to describe the person who looks after the relationship of specific customers or clients.

<b>account file</b>	Details of the person to whom an account relates. This records such information as name, address, nature of business and transaction summary. A <b>high value dealer</b> is advised to keep account files on customers.
<b>account for lifetime transfer</b>	Statement to HMRC in connection with inheritance tax when there is a taxable transfer. The law is contained in Inheritance Tax Act 1984 s52 as amended by Finance Act 2006 Sch 20 para 13.
<b>account form</b>	How financial statements are laid out. The two main forms are <b>horizontal form</b> and <b>vertical form</b> . This indicates whether the two sides of the <b>balance sheet</b> are presented side by side or one over the other. The horizontal form is the original layout, though the vertical form is now almost universal.
<b>account forfeiture notice</b>	Notice that may be issued while an <b>account freezing order</b> is in effect. The law is Proceeds of Crime Act 2002 s303Z9 as inserted by Criminal Finances Act 2017 s16.
<b>account freezing order</b>	Order that a magistrates' court may make in respect of a bank or building society account under Proceeds of Crime Act 2002 from s303Z1 as inserted by Criminal Finances Act 2017 s16.
<b>account-holder rights</b>	Term used in Income Tax Act 2007 s285(5) in relation to <b>venture capital trust</b> tax relief. The rights are broadly to direct a company to make payments of dividends or equivalent to a nominated person.
<b>accounting</b>	Recording financial transactions so as to reveal the financial position. Accounting is now divided into several disciplines, particularly <b>financial accounting</b> and <b>management accounting</b> , in addition to other related disciplines. Financial accounting is the record-keeping allowing a business to report its overall profit and value. Management accounting is the analysis of finance for the purposes of making management decisions. Accounting exists when one person must account to another, such as a company to its shareholders or a treasurer to a society. However, the principle of accounting may be beneficially be used by individuals in connection with their own finances.
<b>accounting basis</b>	One of the ways in which an <b>accounting concept</b> may be applied to a transaction. An example is the period over which a fixed asset is depreciated. "Method of calculating amounts subject to income tax and VAT. In respect of VAT, tax would be computed as a percentage levy on the excess of sales over purchases. This is a theoretical concept and no country uses it" (OECD glossary of tax terms). The implications for a <b>change of basis</b> are given in Corporation Tax Act 2009 s180.
<b>accounting body</b>	"Means the International Accounting Standards Board of the Accounting Standards Board, or a successor body to either of those Boards" (Corporation

Tax Act 2009 s465A(8) and s701A(8)).

**accounting concept**

One of five principles which accountants assume have been followed unless specifically stated otherwise.

The five are:

- **going concern:** the business will continue for the foreseeable future;
- **accruals:** income and expenditure are matched;
- **consistency:** transactions are accounted the same way in successive accounting periods;
- **prudence:** accounts are prepared on a conservative basis;
- **separate entity:** accounts only refer to the named entity.

The first four are contained in the EU Fourth Directive on Company Law and were listed in SSAP 2 (now repealed). All five are contained in Companies Act 2006.

Accounting standard FRS 102 section 3 has replaced concepts with a more detailed lists of provisions which are the equivalent.

There are other accounting concepts which in practice are followed though not expressly stated. These include **materiality** and **substance over form**.

**accounting cost**

Cost to which a financial value may be ascribed, such as materials, labour and overheads.

The term therefore excludes other costs which are discernable but not quantifiable, such as inconvenience and staff morale.

**accounting date**

Date to which accounts are made up, also known as **balance sheet date**.

For income tax, "accounting date, in relation to a tax year, means —

- (a) the date in the tax year to which accounts are drawn up, or
- (b) if there are two or more such dates, the latest of them"

(Income Tax (Trading and Other Income) Act 2005 s197).

For corporation tax, an **accounting period** ends on the accounting date (Corporation Tax Act 2009 s10).

There are special tax provisions for a **change of accounting date** (Income Tax (Trading and Other Income) Act 2005 from s214), and where (exceptionally) a company has more than one accounting date (Corporation Tax Act 2009 s11).

**accounting elements**

American term for the five matters that must be recorded in all **accounts**, namely assets, liabilities, equity, income and expenses.

**accounting entity**

Body for whom accounts are prepared. This may not always be a legal entity, such as in **group accounts**.

**accounting equation**

The fundamental principle which lies behind **double-entry bookkeeping**. It is usually expressed as:

assets + expenses = liabilities + capital + revenue.

<b>accounting estimate</b>	<p>For auditing, “an approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation.”</p> <p>(FRC Auditing Standards and Guidelines glossary)</p> <p>The relevant auditing standard is ISA 540.</p>
<b>accounting event</b>	<p>Something which triggers a financial transaction that needs to be recorded in the accounts.</p>
<b>accounting fees</b>	<p>Amount payable to an accountant for his or her work.</p>
<b>accounting graduate</b>	<p>Person who has completed all the exams of an <b>accountancy body</b> but who has not yet been admitted as a member. This last stage usually requires references and a formal acceptance by the governing body.</p>
<b>accounting information</b>	<p>Factual information presented in <b>financial statements</b>.</p> <p><b>Statement of Principles</b> imposes four requirements:</p> <ul style="list-style-type: none"><li>• <b>relevance</b></li><li>• <b>reliability</b></li><li>• <b>comparability</b></li><li>• <b>understandability.</b></li></ul>
<b>accounting manual</b>	<p>Handbook or other set of procedures produced by an entity to set out its financial procedures.</p>
<b>accounting method</b>	<p>American term for how an organisation keeps its financial records.</p> <p>The choice is usually between accrual method, cash method and installment record [American spelling].</p>
<b>accounting package</b>	<p>Computer software for recording the accounting functions.</p>
<b>accounting period</b>	<p><b>Accounting</b></p> <p>Period, usually of one year, for which financial statements are prepared. It is common practice to prepare a <b>balance sheet</b> for the last date of the period.</p> <p>“A period of time used by taxpayer for the determination of tax liability” (OECD glossary of tax terms).</p> <p>FRS 102 section 3.10 uses the term <b>reporting period</b>.</p> <p><b>Corporation tax</b></p> <p>Corporation tax is charged for an accounting period that begins either when the company first comes within the charge to tax or immediately after a previous accounting period has finished (Corporation Tax Act 2009 s9).</p> <p>It ends on its next accounting date or, if earlier, when it ceases to be within the charge to corporation tax, except that an accounting period can never be longer than 12 months (Corporation Tax Act 2009 s10).</p> <p>If accounts are prepared for a period longer than 12 months, the first 12 months are regarded as one accounting period, and the remainder (up to 12 months) as a second accounting period.</p>

### **Section 946 payments from banks and similar bodies**

"In relation to a deposit-taker who is not a company, means a period for which the deposit-taker's accounts are drawn up" (Income Tax Act 2007 s948(1)).

### **Pool betting duty**

For pool betting duty, an accounting period is "a four or five-week period ending on the last Saturday in each calendar month". From 26 September 2010, a pools promoter may choose to pay quarterly provided the aggregate of pools bets for the previous 12 months did not exceed £660,000, and certain other conditions are met (as explained in Customs notice 147).

### **Hydrocarbon oil duty**

There is a statutory definition for **his accounting period**.

## **accounting policies**

### **General**

Accounting methods which have been judged by business enterprises to be most appropriate to their circumstances and adopted by them for the purpose of preparing their financial statements.

"The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements" (FRS 102 glossary).

FRS 102 section 10 deals with accounting policies. FRS 102 section 8.5 requires policies to be disclosed in the **notes to the financial statements**.

### **International accounting standards**

"The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements" (IAS 8 para 5).

### **UK accounting standards**

FRS 18 (now repealed) para 6 defined them as "those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through

- (a) recognising
- (b) selecting measurement bases for, and
- (c) presenting

assets, liabilities, gains, losses and changes to shareholders' funds. Accounting policies do not include **estimation techniques**."

The text adds "accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the profit and loss account or balance sheet it is to be presented."

## **accounting policy**

The **accounting basis** which a body decided to adopt for its financial statements.

The requirement to depreciated a fixed asset is an accounting basis,

deciding to depreciate assets over, say, four years is an accounting policy.

Guidance on the choice of policy is given in FRS 102 section 11.2. The choices are:

- FRS 102 sections 11 and 12
- the recognition and measurement provisions of IAS 39, the disclosure requirements of FRS 102 sections 11 and 12, and the presentation requirements of FRS 102 sections 11.38A and 12.25B
- the recognition and measurement provisions of IFRS 9 and/or IAS 39 (as amended by IFRS 9), the disclosure requirements of FRS 102 sections 11 and 12, and the presentation requirements of FRS 102 sections 11.38A and 12.25B.

**accounting principles**

Basic principles with which it is assumed all accounts comply with unless otherwise explicitly stated.

**Accounting Principles Board**

US body, formed in 1959, which set out accounting principles in the USA, until this role was taken over by the **Financial Accounting Standards Board (FASB)** in 1973.

**accounting profit**

Amount of profit calculated using normal accounting methods.

“Profit or loss for a period before deducting tax and expense” (IAS 12 para 5).

**accounting rate of return (ARR)**

Method of valuing shares in a company. It involves dividing the company's estimated future profits by the rate of return required by investors.

**accounting records**

*General*

Written documentation of the finances of an individual or organisation. Such records include books, ledgers, documents, bank statements, invoices, vouchers, working papers and all other documentation.

“All documents and books used in the preparation of the tax return and all financial statements, including general ledger, subsidiary ledgers, sales slips and invoices” (OECD glossary of tax terms).

A company duty has a duty to keep such records under Companies Act 2006 s386.

*Auditing*

For auditing, “the records of initial accounting entries and supporting records, such as checs and records of electronic funds transfers; invoices; contracts; the general and subsidiary ledgers; journal entries and other adjustments to the financial statements that are not reflected in formal journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.”

(FRC Auditing Standards and Guidelines glossary)

**accounting reference date**

For a company incorporated in Great Britain after 31 March 1996 (or in Northern Ireland after 21 August 1997), the last day of the month in which the company was incorporated (Companies Act 2006 s391).

A company may alter its accounting reference date by notice to the registrar (ibid s392).

For collective investment prospectuses, FCA defines it as “the date stipulated in the prospectus on which the **annual accounting period** of an authorised fund ends.”

**accounting reference period** Period determined by reference to the company's **accounting reference date** (Companies Act 2006 s391(1)).

The first accounting period is a period of between 6 and 18 months from the date of incorporation to the accounting reference date. Subsequent accounting periods are periods of 12 months from the end of the previous accounting reference period.

For general accounting purposes, the terms means **accounting period**.

### **Accounting Regulatory Committee (ARC)**

Body established by the European Union which decides whether to endorse an international accounting standard.

In the UK, an international accounting standard may only be used if it has been so endorsed. All International Accounting Standards have now been so endorsed.

**accounting services** For auditing, “the provision of services that involve the maintenance of accounting records or the preparation of financial statements that are then subject to audit”. (FRC Auditing Standards and Guidelines glossary)

**accounting software** Programs used by computers to perform accounting functions.

**accounting standard** The term “includes any statement of practice, guidance or other similar document” (Corporation Tax Act 2009 s465A(8) and s701A(8)).

**accounting standards** Statements on how accounts must be prepared. These standards are now issued by **Financial Reporting Council**.

A limited company is obliged to comply with accounting standards as defined in Companies Act 2006 s464. Accounts used as a basis for a tax computation must comply with standards from 6 April 1999 under Income Tax (Trading And Other Income) Act 2005 from s25 and Corporation Tax Act 2009 s46.

The notes to the accounts must expressly state that either the accounts have been prepared in accordance with accounting standards, or must say where they have departed, and why (SI 2008 No 410 reg 10).

There have been several cases that have held that the accounts must comply with true and fair when used to compute a tax liability. A leading example is *Odeon Associated Theatres v Jones [1971] 1 WLR 442*. The judge said “subject to any express or implied statutory rule, of which there is none here, the ordinary way to ascertain profits or losses of a business is to apply accepted principles of commercial accountancy”.

In the case *Balloon Promotions Ltd v Wilson [2006]*, the judge upheld the duty to comply with accounting standards (SSAP 22 in this case).

The matter is discussed in the Inspectors' Manual at BIM31003.



### **Accounting Standards Board (ASB)**

Body which issued accounting standards in the UK. It was formed in 1990 when it took over the work of the Accounting Standards Committee. It was itself taken over by the **Financial Reporting Council** in 2012.

### **Accounting Standards Committee (ASC)**

Body which produced accounting standards in the UK between 1971 and 1990 when its work was taken over by the **Accounting Standards Board (ASB)**.

The ASC produced **Statements of Standard Accounting Practice (SSAPs)** whereas the ASB produces **Financial Reporting Standards (FRSs)**. SSAPs remained in force until repealed or replaced by FRSs.

All standards produced by ASC and ASB are repealed for accounting periods that start after 31 December 2014. They are replaced by standards FRS 100 to FRS 105 (particularly FRS 102) and supporting material.

### **accounting system**

System for running the accounting functions in an organisation.

### **accounting technician**

Person who holds an accounting qualification but who is not a fully qualified accountant. The main body for such technicians is **Association of Accounting Technicians**.

### **accounting value**

For asset values for corporation tax, "means the **net book value** for carrying amount(s) of the asset recognised for accounting purposes" (Corporation Tax Act 2009 s719).

### **account maintenance**

Bank charge, usually made each month, for providing a bank account. Transaction charges are additional.

### **account management**

Term used by the Home Office's UK Border Agency to check that organisations are complying with their sponsorship duties under the points-based system for allowing immigrants to work in the UK.

### **account management and compliance team**

Staff from the Home Office's UK Border Agency who check that sponsors are complying with the requirements for employing workers from overseas.

### **account management profile system**

System which provides information about companies to staff working in the New York Stock Exchange.

### **account management visit**

Visit by the staff of the Home Office's UK Border Agency to ensure that a sponsor is complying with the requirements regarding employing workers from overseas.

### **account monitoring order**

Order which may be made under Proceeds of Crime Act 2002 s370 to investigate bank and similar accounts held by suspected criminals.

### **account of estate**

Account which a personal representative of a deceased person is generally expected to provide to HMRC within 12 months of the death (Inheritance Tax Act 1984 s216). Such an account need not be provided for an **excepted estate**

below a de minimis size.

A provisional valuation may be given for property where a full valuation cannot be completed in time. Any inheritance tax must generally be paid before or when the account is submitted.

**account of profits**

Claim which it is sometimes possible to make in civil proceedings, whereby the defendant must pay over profits earned from an unlawful act, such as for breach of copyright.

**account on the footing of wilful default**

In law, an **account** whereby the **accountable party** must not only pay over sums of money received, but must pay further sums which would have been received but for wilful default of the accountable party.

Such an action is most commonly brought against trustees who should have collected rent or other sums owed.

**account payable**

An amount due for payment to a supplier of goods or services. It is also described as a **trade creditor**.

**account payee only (a/c payee only)**

These words when written on a cheque mean that it must be paid into an account in the payee's name and cannot be indorsed to another payee (Bills of Exchange Act 1882 s81A).

**account period**

Period in which stock exchange transactions are completed and (usually) settled. Traditionally the year is divided into 20 periods of two weeks and 4 periods of three weeks.

**account provider**

In relation to child trust funds, the term is given a specific meaning in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).

**account receivable**

An amount due from a customer, also described as a **trade debtor**.

**accounts**

Financial records. In tax law, the term is sometimes given a specific meaning, such as in Capital Allowances Act 2001 s219(3) in relation to leases.

A specific meaning is given in relation to decommissioning expenditure in Corporation Tax Act 2010 s331(9).

**account sale**

Term now mainly used when goods imported on consignment are valued for customs purposes by reference to the price they achieve when sold in the European Union (EU). Account sales commonly apply to importations of perishable goods.

The term was once widely used in **consignment accounts**.

**accounts book**

Bound book ruled up with cash columns for manuscript entry of financial transactions.

**accounts department**

Part of an entity which deals with the financial records of a company.

**accounts manager**

Person who is in charge of the **accounts department**.

<b>accounts meeting</b>	In company law, "the general meeting of the company before which the company's annual accounts are to be laid" (Companies Act 2006 s439(6)).
<b>accounts pad</b>	Pad of paper ruled in columns for noting financial transactions.
<b>accounts payable</b>	Money owed by a person or business, otherwise known as its <b>creditors</b> . "A list of the debts currently owed by a person or business, mainly for the purchase of services, inventory and supplies" (OECD glossary of tax terms).
<b>accounts receivable</b>	Money owed to a person or business, otherwise known as its <b>debtors</b> . "A list of the money owed on current account to a creditor, which is kept in the normal course of a creditor's business and represents unsettled claims and transactions" (OECD glossary of tax terms).
<b>account stated</b>	<i><b>IOUs and similar</b></i> An admission of a sum owed from one person to another, such as in an <b>IOU</b> . In law, such an account stated is evidence but not conclusive evidence, as the account stated may have been provided by error or fraud or the supporting <b>consideration</b> may have been illegal.  <i><b>Offsets in accounting</b></i> An account which has entries on both sides and where the parties agree these entries may be <b>offset</b> . This means that the smaller figure is subtracted from the larger and an appropriate single payment is made. This provides good <b>consideration</b> for all items included in the account.
<b>accredited financial investigator</b>	Person so designated by Proceeds of Crime Act 2002 ss47G, 195G and 290.
<b>accredited investor</b>	Term used in USA for high-value individual investor. Typically this is an investor with a net worth of at least \$1 million or who has made investments of at least \$200,000 in each of the two previous years and has a reasonable expectation of making similar investments. Such investors are exempt from some provisions of USA's Securities Act 1933.
<b>accredited prior learning (APL)</b>	Provision whereby students may be exempted from part of a course on the basis of existing qualifications.
<b>accredited training</b>	Any training designed to help an employee do his work or be able to find work. Such training often involves some work. Provided the relevant conditions are met, a worker undergoing accredited training is eligible for the <b>national minimum wage</b> at the reduced rate only.
<b>accredited training rate</b>	One of the original rates for the <b>national minimum wage</b> . It was later renamed the <b>development rate</b> , before being replaced by the <b>reduced rate</b> .

<b>accrescent</b>	Growing together in ever-increasing size. This is a botanical term, occasionally used in business.
<b>accreting cap</b>	In investment, interest-rate cap on an increasing principal.
<b>accreting swap</b>	<b>Swap</b> in which the principal increases over time.
<b>accretion</b>	<p><b>Law</b></p> <p>Act of growing on to something, such as land being recovered from the sea or a river.</p> <p>In general, a gradual accretion belongs to the owner of the original land whereas a sudden accretion belongs to the <b>Crown</b>.</p> <p><b>Finance</b></p> <p>In finance, the process by which a fund has things added to it, such as interest.</p>
<b>accretion concept</b>	Principle of Canadian tax law that all a person's income should be taxed. This includes income, capital gains, gifts, bequests and imputed income. The concept arose from the <b>Carter Commission</b> of 1969.
<b>accretion method</b>	Method used in some countries, where tax is charged on how much an individual's wealth increases.
<b>accrual</b>	<p><b>Accountancy</b></p> <p>Amount paid in one <b>accounting period</b> but which belongs to another.</p> <p>The term is most commonly used when payment is made in the later period. The opposite to this is a <b>prepayment</b>.</p> <p>For example, a company's year-end is 31 March. On 1 June it receives a quarterly telephone bill for £300 worth of telephone calls. One third of those calls belong to the previous period, so there is an accrual of £100 to the previous accounting period.</p> <p>The <b>double entry</b> is to debit the relevant account in profit and loss, and to credit accruals. These appear on the balance sheet as a credit balance representing a <b>current liability</b></p> <p><b>Law</b></p> <p>In law, the process by which a right is acquired by a person without his active involvement, such as by time lapsing or by someone else losing a claim.</p>
<b>accrual basis</b>	<p>"The effects of transactions and other events are recognised when they occur (and not as cash or its equivalents is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate" (FRS 102 glossary).</p> <p>In accounting, when "items are recognised as assets, liabilities, equity, income or expenditure when they satisfy the definitions and <b>recognition criteria</b> for those items" (FRS 102 section 2.36). This basis must be used for all financial statement except cash flow information.</p> <p>[Note that the term in FRS 102 is <i>accrual</i> [singular] basis. The term has a slightly different meaning from <b>accruals basis</b>.]</p>

“An accounting method whereby income and expense items are included in taxable income or expense as they are earned or incurred, rather than when they are received or paid” (OECD glossary of tax terms).

**accrual rate**

Rate at which a financial figure increases over time.

The term is most commonly used for **defined benefit** pensions where the accrual rate is expressed as a fraction of **final earnings**. So an accrual rate of 1/60 per year means that a member will receive a pension of 40/60 (two-thirds) after 40 years' service. In general, the maximum accrual rate permitted under UK tax law is 1/60 per year, though higher rates may be permitted for those who joined a scheme before 17 March 1987.

The term is also used for the rate at which an entitlement to **State Second Pension** is earned by payments of class 1 national insurance. This was 20% of **band earnings** under SERPS. Under State Second Pension, the accrual rate is **stratified**.

**accruals basis**

Basis of preparing accounts where income and expenditure is adjusted to reflect amounts owing and due for a defined period.

This differs from the **cash basis** where income and expenditure is recorded only when cash changes hands.

The accruals basis is used for all accounting and taxation purposes unless the business comes within the scope of an exemption for the cash basis.

**accruals concept**

Accounting principle that income and expenditure must be matched in the same accounting period.

**accrue**

(1) Gradually increase in amount from the normal course of events, such as when a principal accrues by earning interest. It should be remembered that something only accrues if it increases in *small* steps.

(2) Make an **accrual** in the accounts.

**accrued benefits**

In pensions, the benefits which a member has so far acquired.

**accrued costs**

In relation to the **cap on care costs**, this term has a specific meaning as set out in Care Act 2014 s15(1).

**accrued dividend**

The amount of **dividend** which has been earned since the previous dividend was paid.

**accrued expense**

Amount of expense which has been incurred so far in an accounting period but which has yet to be paid by the person or organisation.

**accrued income**

Amount of revenue which has been earned so far in an accounting period but which has yet to be paid to the person or organisation.

**accrued income losses**

Losses incurred under the **accrued income scheme**.

The legal definition is “losses which under Chapter 2 [of Part 12] are treated as made where securities which carry or have carried interest are

transferred" (Income Tax Act 2007 s615(4)).

**accrued income profits**

Profit element of a security that is purchased without the right to the next dividend or equivalent. The extent to which the price is reduced to reflect this is subject to income tax under **accrued income scheme** as set out in Income Tax Act 2007 ss615-681.

Broadly this only applies if the value of all accrued income securities exceeds £5,000. It also does not apply on death, nor to company shares, National Savings Certificates and relevant discounted securities.

The legal definition is "profits which under Chapter 2 [of Part 12] are treated as made where securities which carry or have carried interest are transferred" (ITA s615(2)).

**accrued income scheme**

Tax arrangement that applies on the disposal of interest-bearing securities (Income Tax Act 2007 s616).

Broadly, the income that has accrued since the last payment is taxed as the transferor's income. The transferee may deduct this sum from his taxable income. There are some exemptions.

The capital gains tax implications for transfers of affected securities are given in Taxation of Capital Gains Act 1992 s119.

HMRC provides help in helpsheet HS343.

**accrued interest**

Interest which has been earned since the previous payment.

The term is widely used for valuing bonds, where accrued interest is traditionally excluded. The value without accrued interest is a **clean price**; with accrued interest, it is a **dirty price**.

**accrued liabilities**

Amount of liabilities which have been incurred so far in an accounting period though payment has not been made.

Examples include such areas as rent, rates, electricity and water. The existence of accrued liabilities usually requires a **journal entry** at the year-end to create a figure for **accruals**. This is shown as a current liability.

**accrued pension**

Another term for **accrued benefits**.

**accrued rights**

"Also known as accrued benefits. Generally, the right to future benefits which a member of an **occupational pension scheme** has built up in respect of service up to a given point"  
(CA 84 Stakeholder Pension Scheme Manual, published by HMRC).

**accrued uncommitted service charges**

Term used in Commonhold and Leasehold Reform Act 2002 s94 in respect of the amount a landlord must pay to an **RTM company** when the right to manage a leasehold property is acquired by the company.

**acct**

**Account.**

**accumulate**

Heap up or pile on. In finance, the term usually applies to a fund which keeps growing by having amounts added.

- accumulated depreciation** The amount of **depreciation** so far charged against the **book value** of a **fixed asset**.  
For example if a fixed asset has a book value of £1,000 and is being depreciated over five years on the straight line basis, after two years the accumulated depreciation is £400. This is subtracted from the book value to give the **net book value** of £600.
- accumulated dividend** Dividend which has not been paid to a holder of a **cumulative preference share** or similar security and which is carried forward to be paid in a future period as an addition to the dividend for that period.
- accumulated earnings and profits** American term for profits from previous years which were not distributed as dividends. The UK equivalent is **retained profit**.
- accumulated earnings tax** Tax charged in the USA on business earnings which are unreasonably retained to avoid the owners paying higher rates of personal tax.
- accumulated or discretionary income** In relation to **special rates** for trustees' income, this is income that is accumulated or payable at the discretion of trustees. There are exceptions when the property is owned by someone else before distribution or when the property is held by a superannuation fund (Income Tax Act 2007 s480).
- accumulated points** Sales promotion scheme which works by awarding points according to the value of sales. These points can then be redeemed for cash or goods.  
The VAT implications of such schemes have been tested in the courts. In the case *Kuwait Petroleum Ltd [1999]*, it was held that the issue of the vouchers was for no consideration. No part of the price paid for the petrol could be regarded as a prepayment for the goods to be acquired. When the points are redeemed, the goods are sold for no charge and so the VAT is payable on the market value of the goods under the rules which apply to gifts.
- accumulated profit** Profit which is not paid as a dividend but is taken into the accounts of the following accounting period.
- accumulated reserves** The **reserves** of a business which have been collected over several years.
- accumulating compensated absences** "Compensated absences that are carried forward and can be used in future periods if the current period's entitlement is not used in full" (FRS 102 glossary).
- accumulating shares** Ordinary shares issued instead of a dividend. This has the effect of replacing income with capital growth.
- accumulating with-profits policy** "A **with-profits insurance contract** which has a readily identifiable current benefit, whether or not this benefit is currently realisable, which is adjusted by an amount explicitly related to the amount of any premium payment and

to which additional benefits are added in respect of participation in profits by additions directly related to the current benefit of a policy with similar characteristics" (FCA handbook)

## accumulation

### *General*

Process of an amount growing bigger by having payments, interest and similar items added.

### *Trusts and estates*

For trusts and estates, the continual increase in a **principal** through the **reinvestment** of the **interest**. There are rules against **excessive accumulations** to stop the abuse of trustees increasing capital and defeating the object of a trust or estate in providing for a beneficiary.

The need for such a law was prompted by the case *Thellusson v Woodford [1799]* where the testator tied up his property for many generations to come, so that none of his living descendants received any benefit.

Perpetuities and Accumulations Act 2009 generally abolishes restrictions on accumulations, except for charitable trusts. It retains and modifies the restriction on **perpetuities**. The 2009 Act applies for trusts and estates created from 6 April 2010.

Older estates and trusts are governed by Law of Property Act 1925 s164. This generally restricts the period when funds may accumulate to the life of the settlor and 21 years thereafter. See also **perpetuities**.

When the end of the accumulation period is reached, all undistributed income must be distributed, and all future income must be distributed.

## accumulation and maintenance trust (AMT or A&M trust)

Type of trust which could be created for the benefit of people under the age of 25, including for children not yet born (Inheritance Tax Act 1984 s71). So an AMT could be created for one's grandchildren.

The funds are either accumulated during the beneficiaries' lifetime or may be applied to their maintenance. The beneficiaries must become entitled to receive the capital no later than the age of 25. Such trusts avoid the tax charge for other types of discretionary trust.

No new AMTs may be created from 22 March 2006. Instead, it may be possible to set up an **18-25 trust**.

For income tax and capital gains tax, an AMT is taxed on the same basis as a **discretionary trust**. Its advantage is for inheritance tax where an AMT avoids the **exit charge** and **ten-yearly charge**.

AMTs, strictly, cease to exist from 6 April 2008, but transitional provisions allow the inheritance tax advantages to continue after that date for AMTs which existed on 21 March 2006, but only if the beneficiaries become absolutely entitled to the capital at the age of 18.

The law is given in Inheritance Tax Act 1984 from s71.

## accumulation area

In **charting**, a range of prices which tends to attract buyers.



**accumulation/distribution indicator (ADI)**

An indicator that measures the volume and flow of money for a particular stock, index or other security.

The idea behind the indicator is that volume and flow indicates future price.

**accumulation share**

In relation to open-ended investment companies "means a share in respect of which income is credited periodically to the capital part of the company's scheme property" (Income Tax (Trading and Other Income) Act 2005 s375(2)).

**accumulation trust**

Form of **discretionary trust** where the trustees' discretion includes the right not to pay any beneficiary but to carry forward all income and profit.

**accumulation units**

Units added to a **unit trust** or other collective investment in lieu of interest.

Their capital gains tax treatment is given in Taxation of Capital Gains Act 1992 s99A.

**accumulator**

*Computing*

In computing, a register in the central processing unit which collects calculations until the task is finished.

*Gambling*

A series of bets where the winnings for one bet become the stake for the next bet. All bets must win for the gambler to receive any payment, but this can be huge. The risk can be reduced by a **full cover bet**.

**accumulator bet**

**Accumulator** in relation to gambling.

**accuracy**

State of being correct with sufficient precision. It is one of the basic requirements of accounting.

**accusare nemo se debet nisi coram deo**

Latin: no person should accuse himself except in the presence of God.

This simply means that anyone accused of an offence has the right to plead not guilty.

**accused, the**

Term used in Scots law for someone charged with a crime; the term **defendant** is not used in Scots law. The word is sometimes used for the same meaning in English law.

**ACE**

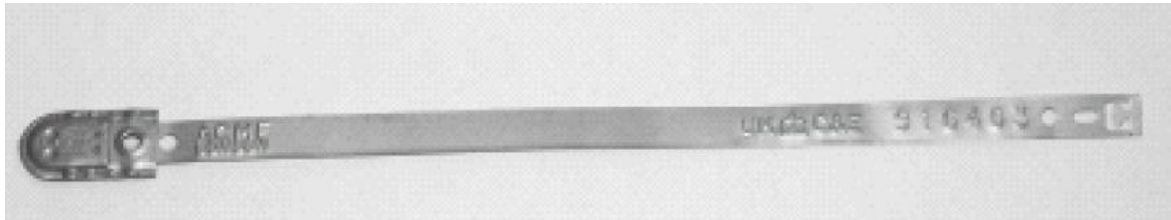
**Asset Confiscation Enforcement.**

**ace of spades**

From 1711 to 1960, stamp duty was charged on a pack of playing cards. From 1712 one card had to be stamped to show that the duty had been paid. The card was usually the ace of spades. In 1765, hand stamping was replaced by the printing of an official card. In 1828, the card was printed with other cards.

The system changed in 1862 when the duty was shown on the wrapper, but most producers decided to keep the ornate ace of spades, a tradition that continues to this day, even the duty has long been abolished.

<b>acescence</b>	Process of souring, as in milk, which leads to a loss of value.
<b>ac etiam</b>	Latin: and also. The term is used to point the actual cause of action to the judge.
<b>ACEVO</b>	Organisation that represents charities and the social enterprise sector.
<b>ACF</b>	Association of Charitable Foundations.
<b>A&amp;CG</b>	<b>Accountant and Controller General</b>
<b>ACH</b>	<b>Automated Clearing House.</b>
<b>Acheson Report</b>	Report published in 1998 by Donald Acheson into health inequalities in society. Its conclusions were similar to the <b>Black Report</b> of 1980.
<b>ACIC</b>	Australian Criminal Intelligence Commission, a member of <b>J5</b> .
<b>achievement motivation</b>	In psychology and business management, one of three sets of personal needs. The other two are power and affiliation.
<b>achievement test</b>	In human resources, a standardised test to measure how much an individual has learned or what skills have been acquired as a result of education, training or experience.
<b>ACI</b>	<b>Association Cambiste Internationale.</b>
<b>acid test</b>	<p>In accountancy, another name for <b>liquidity ratio</b>. It is a simple quick test (current assets: current liabilities) that determines whether a company appears to be solvent.</p> <p>The term comes from the California Gold Rush around 1845 when prospectors had difficulty distinguishing valuable gold from worthless iron pyrites. A simple test was to pour on readily available nitric acid which fizzed on pyrites but not on gold.</p>
<b>ACIE</b>	Association of Charity Independent Examiners.
<b>ACIS</b>	Associate member of the Chartered Institute of Secretaries.
<b>acknowledge</b>	<p><b>Computing</b></p> <p>Message sent back from a computer or other machine which has received a message to confirm that the message has been received.</p> <p><b>Debts</b></p> <p>Accept as legally valid. In particular a person who has difficulty in discharging a debt may make nominal payments such as £1 a month. Such payments acknowledge the existence of the debt and stop the debt from becoming time-barred.</p>

<b>acknowledge the corn</b>	Old American slang for admitting to a scam.
<b>acknowledgment</b>	<p>Any statement or equivalent which accepts a position as stated by someone else. Traditionally traders would send an acknowledgment to a customer who has placed an order.</p> <p>It particularly refers to accepting that a debt is owed. Under Limitation Act 1980, a written acknowledgment of a debt starts the <b>limitation period</b> again.</p>
<b>acknowledgment and undertaking</b>	In law, acknowledgment is confirmation in a title deed that a person may see and have copies of relevant deeds in his possession. Undertaking is a promise to keep the documents safely.
<b>acknowledgment of debt</b>	An admission, in writing and signed, by a person that he owes money to another. This <b>revives</b> a debt which is otherwise <b>statute-barred</b> .
<b>acknowledgment of service</b>	Process in legal proceedings where the defendant states that the writ or originating summons has been served on him.
<b>ACL</b>	<p><b>(1) Access control list.</b></p> <p>(2) Association of Costs Lawyers.</p>
<b>ACLC</b>	Australian Company Law Cases, published from 1982.
<b>Acme T lock</b>	<p>One of two types of official Customs seal. The other is the Leghorn Cableseal wire seal.</p>  <p><i>Acme Customs seal. Picture (c) HMRC.</i></p> <p>The Acme lock is a 230mm-long metal strip inserted into a flat locking box. The seal shows the legend "HMC&amp;E" or "HMRC". The strip bears identification marks. The underside of the box is green.</p> <p>The current version of the lock seal was introduced on 1 July 2008. Further details are given in Customs leaflet 205.</p>
<b>acn</b>	All concerned notified.
<b>a coelo usque ad centrum</b>	<p>Latin: from heaven to the centre of the earth.</p> <p>Legal term for the right of owners of a <b>freehold</b> property.</p>
<b>à comte</b>	French: on account.

<b>ACP</b>	<b>African Caribbean and Pacific States.</b> The term is used for Customs duty purposes.
<b>a/c payee only</b>	Words written on a cheque, which means that it must be paid into an account in the payee's name and cannot be indorsed to another payee (Bills of Exchange Act 1882 s81A, inserted by Cheques Act 1992). This provision is effective from 16 June 1992.
<b>ACPC</b>	<b>Area Child Protection Committee.</b>
<b>ACPI</b>	Advanced configuration and power interface. Specification for a computer operating system to control its use of power.
<b>acpt</b>	<b>Acceptance.</b>
<b>acquiescence</b>	Conduct which implies consent such as not correcting an error. In general, this does not give rise to a claim for <b>misrepresentation</b> except where the parties are in a <b>fiduciary</b> relationship.
<b>acquire</b>	Gain ownership of, however this is achieved.
<b>acquired corporation</b>	American term for a business which has been taken over.
<b>acquired employee</b>	In relation to PAYE for a business taken over, "means an employee who was employed in the acquired business" (PAYE regulations SI 2003 No 2682 s98(7)).
<b>acquired gender</b>	Sex of a person to whom a <b>gender recognition certificate</b> has been issued or to a person who has applied for such a certificate and is already living as a person of that sex (Gender Recognition Act 2004 s1(2)). Such a person is treated as being of the new sex for all purposes, including tax and social security, from the date of the certificate.
<b>acquired goodwill</b>	Amount paid for a business above the value of <b>net assets</b> . This is commonly used as a means of drawing tax-free funds from a business. A sole trader or partnership may be acquired by a limited company for a sum greater than its <b>net assets</b> . This difference is <b>goodwill</b> . This may then be "repaid" without deduction of tax. The company can usually write off the goodwill at 4% a year.
<b>acquired rights</b>	Rights an employee acquires when his employer's business is taken over (Transfer of Undertakings (Protection of Employment) Regulations 1981).
<b>Acquired Rights Directive</b>	European Union directive which is given effect in English law as Transfer of Undertakings (Protection of Employment) Regulations 1981.
<b>acquiree</b>	Company that becomes controlled by another. "The business, or businesses that the acquirer obtains control of in a

business combination" (IAS 3.A).

**acquirer**

Person or company who has acquired something, particularly a business.  
"The entity that obtains control of the **acquiree**" (IAS 3.A).

**acquiring company**

In relation to corporation tax relief for employee share schemes in a takeover, the term is defined in Corporation Tax Act 2009 s1023.

**acquiring corporation**

American term for a business which is taking over another.

**acquiring institution**

A financially secure bank or similar body that acquires all or some of the liabilities of a failed institution in a **purchase and assumption** transaction.

**acquis communautaire**

Body of EU legislation which is binding on all member states.

**acquisition**

*Value added tax*

Term now used for goods brought into the UK from another member state of the **European Union**. Goods going to another state are called **removals**. Such goods are no longer regarded as imports and exports, as the EU is a single market. Details are given in VAT notice 725.

An acquisition in the UK is subject to the rate of VAT as goods produced in the UK.

The law is in Value Added Tax Act 1994 s10.

*Stamp duty land tax*

For stamp duty land tax, this means:

- a transfer of an existing **chargeable interest**;
- a creation of a new interest;
- the surrender or release of an interest; or
- the variation of an interest.

(Finance Act 2003 s43).

*Accounting*

In accounting, process by which ownership of a business is obtained.

"A business combination that is accounted for by using the acquisition method accounting" (FRS 7 para 2).

"A business combination that is not a merger" (FRS 6 para 2).

*Employment-related securities*

In relation to **employment-related securities**, "means the acquisition of the employment-related securities pursuant to the right of opportunity available by reason of the employment" (Income Tax (Earnings And Pensions) Act 2003 s421B(8)).

**acquisition accounting**

In accounting, one of the two methods by which a business may account for a newly purchased subsidiary. The other method is **merger accounting**.

Acquisition accounting involves including the assets of the new subsidiary with those of the parent company and writing off the goodwill paid.

<b>acquisition benefit</b>	Benefits provide by an employer in respect of a new residence acquired by an employee on relocating (Income Tax (Earnings And Pensions) Act 2003 s277).
<b>acquisition cost</b>	Amount paid to acquire something, including costs of delivery and installation. It is used in the calculation of <b>capital gains tax</b> .
<b>acquisition date</b>	“The date on which the acquirer obtains control of the <b>acquiree</b> ” (FRS 102 glossary). An identical definition is given in International Accounting Standard IAS 3.A.
<b>acquisition expenses</b>	Expenses incurred by an employee in relocating on a change of workplace (Income Tax (Earnings And Pensions) Act 2003 s277). An employer may provide tax-free <b>relocation expenses</b> to pay for these.
<b>acquisition method</b>	Production of <b>consolidated financial statements</b> for an <b>acquisition</b> .
<b>acquisition of a relevant telecommunication right</b>	For income tax, this is defined in Income Tax (Trading and Other Income) Act 2005 s147(3).
<b>acquisition of business</b>	This term has a specific tax meaning in relation to life assurance business, as set out in Finance Act 1989 s86(4).
<b>acquisition of trade</b>	The tax treatment of receipts from such an acquisition are given in Corporation Tax Act 2009 s95.
<b>acquisition period</b>	Period in which employees acquire shares in an employee share scheme (Inspector's Manual at BIM 44310).
<b>acquisitions</b>	“Operations of the reporting entity that are acquired in the period” (FRS 3 para 3).
<b>acquisition tax</b>	For VAT, tax payable by a UK business on <b>acquisitions</b> from another EU state.
<b>acquisitive growth</b>	Expansion of a business by acquiring other businesses.
<b>acquit</b>	Set free, such as by criminal charges being dismissed.
<b>acquittance</b>	Written acknowledgment of the payment of money or of a due debt. It has more legal authority than a <b>receipt</b> .
<b>ACR</b>	Audio cassette recorder.
<b>acrd</b>	Accrued.
<b>acre</b>	Unit of measure of land equal to 4,840 square yards (Weights and Measures Act 1878) or 43,560 square feet. It was traditionally the amount of land an ox could plough in one day. There are 640 acres to a square mile. It was traditionally measured as a rectangle one furlong long and one chain wide. In old units, an acre equals 4 roods or 10 square chains.

In metric units, an acre equals 0.405 **hectares** or 4,046 square metres.

**Acrobat**

Software developed by Adobe Systems. It allows documents produced by almost any software to be produced in a form which can be read on most computers.

It works by putting an additional option in the facilities for printing to allow the computer to "print" a PDF file which can then be sent as a fixed document, like a photograph, to other computers.

The first version was launched on 15 June 1993 for Apple Mackintosh only. It has been updated many times.

**across the board**

Term used in relation to futures. It refers to all the months of a futures contract or option.

**across the board tariff negotiations**

Negotiations on customs duties that seek to apply a uniform percentage reduction to all tariffs or entire categories of tariffs. The alternative form of negotiation is **item-by-item negotiation**.

**ACRS**

**Accelerated cost recovery system.**

**acrylic hat**

Cheap version of a **football cap** designed for children. It was held that these could be zero-rated for VAT as children's clothing in the case *Benrose Ltd (t/a Multi-Stock Co) [1998] VTD 15783*.

**ACS**

**(1) Authorised contractual scheme.  
(2) Association of Convenience Stores**

**ACSI**

**Associate of the Chartered Institute for Securities and Investment.**

**ACT**

**(1) Advance corporation tax  
(2) Association of Corporate Treasurers**

**Act**

In accounting standard FRS 102, the term means Companies Act 2006 (FRS 102 glossary).

**act**

(1) An action or omission of action which can have legal consequences.  
(2) Law passed by Parliament. The term "means an Act of Parliament" (Interpretation Act 1978 Sch 1) and "includes a local and personal or private Act" (Interpretation Act 1978 s21).

**ACTA**

**Anti-Counterfeiting Trade Agreement.**

**acta**

Latin: deeds. Old term for official minutes of proceedings.

**acta exteriora ludicant interiora secreta**

Latin: outward acts point to towards the inward intent.

**acta jure imperii**

Latin: acts by the right of dominion.

<b>act and warrant</b>	In Scots law, "the interlocutor in sequestration proceedings which confirms the appointment of the trustee" (Judiciary of Scotland website glossary).
<b>acta publica</b>	Latin: public acts. Proceedings of a court that are heard in public.
<b>acte claire</b>	Old French: clear act. Legal term for something so obvious it leaves no room for reasonable doubt.
<b>actg</b>	Acting.
<b>acting nearest relative</b>	Person who is most closely related to a person for whom an application is made under Mental Health Acts 1983 and 2007, and who is willing to act in such capacity.
<b>act in law</b>	An action of a party which has a legal effect, such as making a contract.
<b>acting partner</b>	"Partner who habitually acts in the partnership business" (Partnership Act 1890 s16). A notice to such a partner constitutes a notice to the whole partnership.
<b>actio</b>	Latin: action. Legal action, particularly under American or Roman law.
<b>actio commodati</b>	Latin: action on a loan. An action started by a creditor against a debtor.
<b>actio commodati contraria</b>	Latin expression that refers to the legal actions a borrower may take against a creditor.
<b>actio confessoria</b>	Latin expression that refers to the details of a statement by a defendant who accepts liability but without stating the precise amount owed to the claimant.
<b>actio ex contract</b>	Latin expression that refers to personal actions that may be brought under an agreement.
<b>actio ex delicto</b>	In tort, Latin expression that refers to a legal action arising from wrongful behaviour for which damages are sought.
<b>actio in factum</b>	Latin: <b>action</b> on the fact.
<b>actio in rem</b>	Latin expression used in law to describe a legal proceeding to establish ownership of land and of the rights of various parties.
<b>action</b>	(1) Civil proceedings commenced by writ. Sometimes the term "legal action" is used to distinguish this from other meanings of the word. (2) <b>Industrial action</b>
<b>actionable</b>	Capable of justifying a legal action.
<b>actionable per quod</b>	Actionable only when external factors are considered, unlike being <b>actionable per se</b> . An example is defamation whereby the words are only libellous on the



basis of what else is known.

<b>actionable per se</b>	Actionable without considering external factors; actionable on its own merits. The opposite is <b>actionable per quod</b> .
<b>actionable tort</b>	A civil wrong which entitles the injured party to sue.
<b>action at law</b>	American term for legal proceedings.
<b>action ex contractu</b>	American term for legal proceedings which arise from a contract.
<b>action ex delicto</b>	American term for legal proceedings which arise from a person's fault, misconduct or malfeasance.
<b>action for accounting</b>	In USA, an action where a person requires his partners or co-owners to make a formal statement of their rights in a partnership or joint asset.
<b>action for possession</b>	American term for a legal action to obtain possession of real estate.
<b>Action Fraud</b>	Body to which suspected frauds, such as phishing, may be reported. It can be called at any hour of any day on 0300 123 2040.
<b>action in case</b>	American term for a type of legal action for consequential loss.
<b>action in personam</b>	American term for a legal action against a specific person or persons, which requires the writ to be personally served.
<b>action in rem</b>	(1) <b>Action</b> in the <b>Admiralty Court</b> commenced by the arrest of a ship. (2) American term for a legal action about property. The decision binds everyone.
<b>action learning</b>	In human resources, the process of acquiring new knowledge, skill or behaviour from taking specific actions or performing specific tasks.
<b>action of account</b>	Obsolete <b>common law</b> offence of not keeping proper accounting records, such as within a partnership. It is now replaced by the equitable remedy of an <b>account</b> .
<b>actio non</b>	Latin: no action. In USA, this may be pleaded by a defendant.
<b>action on the case</b>	Type of writ for trespass and similar offences. The name derives from the fact that details of the case are stated in the writ.
<b>action quasi in rem</b>	American term for an action where the court has jurisdiction over the property in the action but not over the person who would otherwise be sued.
<b>action research</b>	Business term for a process of managed change that is problem-oriented. Typically it follows a five-stage sequence of problem diagnosis, data gathering and analysis, group feedback, action and evaluation.

<b>action short of a strike</b>	Form of industrial action that imposes pressure on an employer without calling a strike. Examples include <b>work to rule</b> , <b>go-slow</b> and <b>overtime ban</b> . Such action is about twice as common as strikes.
<b>action short of dismissal</b>	<p>Any form of disciplinary action taken against an employee which stops short of dismissal. This can include verbal or written warnings, demotion, refusal of promotion or withdrawal of rights.</p> <p>In general, an employee cannot go to an employment tribunal for such action unless it falls within one of the categories of discrimination or automatically unfair dismissal. However, if such action is part of a process that leads to dismissal, it may be challenged as part of a case against unfair dismissal.</p>
<b>actio personalis moritur cum persona</b>	<p>Latin: a personal action dies with the person.</p> <p>Legal principle that a <b>personal representative</b> may not sue or continue a legal action for a personal claim of the deceased. Since 1934, this restriction only generally applies to <b>defamation</b>.</p>
<b>actio popularis</b>	Latin: popular action. A case brought by a third party for the interests of society.
<b>actio quod metus causa</b>	Latin expression that refers to actions that will lead to greater penalties, particularly when brought by a creditor.
<b>actio temporalis</b>	Latin expression referring to legal proceedings that must be started before a deadline.
<b>actio tutelage</b>	Latin expression relating to the duties and obligations in a legal action.
<b>activate</b>	<p><b>Computing</b></p> <p>In computing, processes to get software working. This typically includes such functions as loading and entering security codes. This includes using on-line tax services.</p> <p><b>Banking</b></p> <p>In banking, process for validating a credit card, usually by calling a telephone number. This is designed to prevent someone using the card should it not be delivered to the correct user.</p>
<b>activated allowance</b>	Term used for gas and oil companies, as explained in Corporation Tax Act 2010 s356D(2).
<b>activation PIN</b>	Code number which is used to activate an online service or computer software. The number is only used once.
<b>active</b>	Description of an account which has many transactions, such as an active bank account.

<b>active account</b>	Any account, particularly with a bank, which is being used, as against a <b>dormant account</b> . Sometimes the term is restricted to an account which is used frequently.
<b>active balance</b>	Favourable balance of payments for a country, usually achieved by the value of <b>exports</b> exceeding that of <b>imports</b> .
<b>active capital</b>	Ready money or assets which can become ready money for investment.
<b>active circulation</b>	Value of a denomination of banknotes or coins which are in circulation at a particular time, rather than being held by banks or hoarded by dealers or collectors.
<b>active concealment</b>	American term for the process of using words or actions to frustrate the realisation of assets in insolvency.
<b>active database</b>	In computing, a database which is currently being used.
<b>active document</b>	In computing, a document which is currently being accessed.
<b>active farmer</b>	Condition that had to be met to qualify for the basic payment scheme under the common agricultural policy. This replaced the single payment scheme in 2015. The requirement to be an active farmer was removed from 2018.
<b>active fund</b>	Fund which aims to outperform the market average by careful selection of high-performing stocks.
<b>active income</b>	Term sometimes used for income that derives from effort by the taxpayer, such as from employment or self-employment, as against passive income such as rents and dividends.
<b>active investing</b>	Investing in a manner which studies markets and companies with a view to outperforming the market.
<b>active lien of carrier</b>	The lien of a carrier which is supplemented by a contractual provision allowing a customer's goods to be sold. Under common law, every carrier has the right to exercise a <b>passive lien of carrier</b> . This means that a carrier may hold a customer's goods until the carriage has been paid. A carrier and customer may agree a further provision by contract that such goods may be sold if payment is not made within a reasonable time.
<b>active list</b>	List of people available for service. The term was originally for military officers on full pay.
<b>active listening</b>	Counselling skill of listening constructively to a problem.
<b>actively at work</b>	A clause in a group insurance policy that requires a new member or one with an increase in cover, to be at work (or on holiday i.e. not absent due to

sickness, industrial action, etc.) on the day of joining or day of increase.

- actively seeking work (ASW)** Condition for receiving jobseeker's allowance.  
The general requirement is that the claimant makes at least two steps a week to find work. Steps include applying for a job, writing a CV, registering with an employment agency and contacting potential employers.  
A claimant who does not take such steps can lose benefits.
- active management** Where management is involved in exercising good judgment rather than mere administration. The term is used for those who administer an **active fund**.
- active market** For accounting, "a market in which all the following conditions exist:  
(a) the items traded in the market are homogenous;  
(b) willing buyers and sellers can normally be found at any time;  
(c) prices are available to the public"  
(FRS 102 glossary).  
For International Accounting Standards, the term means "a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis" (IAS 13.A).
- active member** Member of an **occupational pension scheme** who is accruing benefits, usually a current employee.  
"An individual who has benefits currently accruing for or in respect of that person under one or more arrangements in the pension scheme" (HMRC manual RPSM glossary).  
Being an active member is one of the conditions for receiving tax relief on pension contributions.  
The other categories of member are **deferred member**, **pension credit member** and **pensioner member**.
- active membership period** Period for which a person is regarded as an **active member** of a pension scheme by HMRC.  
The period begins with the later of:  
• the date on which benefits starts to accrue; and  
• 6 April 2006.  
The period ends immediately before the **crystallisation event**.
- active ownership** For corporation tax, a concept developed for the **patent box**. The concept is designed to ensure that companies involved in early stages of development can still benefit from the tax savings of the patent box.
- active partner** Member of a partnership who is involved in its day-to-day management, as opposed to a **sleeping partner**.
- active service** Service in the military which involves actual fighting as against preparation, training etc. There are some special concessions for active service, such as exemption from inheritance tax if killed on active service (Inheritance Tax Act 1984 s154).

<b>active stocks</b>	Stocks, shares and other securities which are being actively traded.
<b>active trust</b>	<b>Trust</b> which requires the trustees to do something, such as to maintain a property.
<b>active underwriter</b>	Managing agent in <b>Lloyd's</b> who underwrites on behalf of a syndicate.
<b>active window</b>	In computing, the window on the screen identifying the program or data in use.
<b>activities, interest and opinion (AIO)</b>	Areas of human lifestyle which may be analysed for statistical or market research purposes. Such analysis is known as <b>lifestyle segmentation</b> .
<b>activities of daily living (ADL)</b>	Everyday living functions and activities performed by individuals without assistance. These functions include walking, dressing, washing, toilet, shopping, cooking and eating. The inability to undertake such activities may be used to define disability in insurance contracts.
<b>activity</b>	In management accounting, any physical activity that places in an enterprise.
<b>activity A</b>	In the context of <b>EIS relief</b> , this means carrying on a qualifying activity either by the company itself or by a 90% subsidiary (Income Tax Act 2007 s179(2)).
<b>activity B</b>	In the context of <b>EIS relief</b> , research and development which is related to the main activity of the company (Income Tax Act 2007 s179(3)).
<b>activity based budgeting (ABB)</b>	Allocation of resources to individual activities within an organisation. The process involves determining which activities incur costs, establishing the relationship between them, and then deciding how much of the total budget should be allocated to each of them.
<b>activity based costing (ABC)</b>	Costing method which does not apportion overheads on a generic basis, such as a percentage added to direct costs, but which seeks to ascertain how much of such overheads are used by each activity.
<b>activity based management (ABM)</b>	Management system which uses <b>activity-based budgeting</b> .
<b>activity chart</b>	Plan showing how much work has been done, compared with how much work should have been done.
<b>activity cost pool</b>	Grouping of all cost elements associated with a particular activity.
<b>activity driver analysis</b>	Identification and evaluation of activities in an organisation, determining how costs are incurred.

<b>activity rate</b>	Proportion of civilian population who are employed as a percentage of the employed plus unemployed.
<b>activity requirement</b>	Requirement that an offender subject to an <b>unpaid work requirement</b> must present himself for work and participate in activities as specified (Criminal Justice Act 2003 s201).
<b>Act of 1952</b>	“Means the Customs and Excise Act 1952” (SI 1973 No 1311 para 2).
<b>act of bankruptcy</b>	Obsolete provision of law. It was an action which justifies making a person bankrupt as contained in Bankruptcy Act 1914 s1. These provisions have been replaced by Insolvency Act 1985.
<b>act of God</b>	<p>Accident or event which happens without human cause, such as a storm or earthquake, which no human foresight can provide against and where human prudence is not obliged to recognise the possibility. Normal weather conditions such as rain and wind are not acts of God.</p> <p>There is no liability in <b>tort</b> for an act of God. It is possible to have <b>insurance</b> against an act of God.</p>
<b>act of law</b>	The effect of the operation of the law, such as succeeding to property under a will.
<b>Act of Parliament</b>	<p><b>Definition</b></p> <p>Legislative decree; a statute.</p> <p>An Act becomes law when it receives <b>Royal Assent</b>, having been passed by the <b>House of Commons</b> and (usually) the <b>House of Lords</b> which together make up <b>Parliament</b>.</p> <p><b>Role of the courts</b></p> <p>The Court cannot declare an Act of Parliament illegal.</p> <p>This was established in the tax case <i>Cheney v Conn [1968]</i> when a taxpayer appealed against a tax assessment under Finance Act 1964 on the grounds that the government was illegally spending money on nuclear weapons contrary to the Geneva Conventions Act 1957.</p> <p>The court held that, even if there was a conflict between the Acts (and it did not say there was), the 1964 Act superseded the 1957 Act to the extent that there was any conflict.</p> <p><b>An Act never expires</b></p> <p>Another case holds that a statute remains effective until specifically repealed (<i>Prince of Hanover v Attorney General [1957]</i>).</p> <p>This upheld a claim under an Act passed in 1705 whose purpose (naturalising Princess Sophie, Electress of Hanover) had long passed. This was upheld even though it meant that the Kaiser (against whom Britain fought in the first world war) was a British citizen.</p> <p>To avoid problems, various <b>State Law Revision Acts</b> are periodically passed to remove obsolete laws. They frequently contain tax provisions.</p>

### *Suspending the provisions*

It should be noted that the House of Lords did once suspend the *provisions* of an Act, namely Merchant Shipping Act 1988, when the European Court of Justice stated that it did not comply with EU law (*Factortame Ltd v Secretary of State for Transport (No 2)* [1991]).

<b>Act of Settlement</b>	English law passed in 1701 to settle the succession to the English and Irish thrones. The Act appointed James VI of Scotland to be king James I of England.
<b>actor</b>	<p>An actor is taxed as an <b>entertainer</b>.</p> <p>Most actors are treated as either employed or self-employed for both income tax and national insurance purposes, with some exceptions.</p> <p>The main exception is that actors engaged under Equity contracts are treated as employed for national insurance but self-employed for income tax. The relevant regulations are SI 1978 No 1689. The HMRC position has been confirmed in HMRC Brief 10/11.</p>
<b>actores fabulae</b>	Latin: fictitious claimants. The term refers to theoretical people in a legal action.
<b>actor sequitur forum rei</b>	Latin: the claimant should follow the forum of the disputed subject.
<b>actor incumbit onus probandi</b>	Latin: the onus of proof rests with the claimant.
<b>acts of adjournal rules</b>	In Scots law, rules “passed by the Lords of Council and Session (the judges of the Court of Session) for proceedings in criminal courts (Judiciary of Scotland website glossary).
<b>acts of sederunt rules</b>	In Scots law, rules “passed by the Lords of Council and Session (the judges of the Court of Session) relating to civil procedure” (Judiciary of Scotland website glossary).
<b>act together</b>	<p>For the purposes of taxing income from investment schemes, “two or more investment schemes act together in relation to a company if —</p> <ul style="list-style-type: none"><li>(a) they enter into contractual arrangements (with or without other persons) in relation to the conduct of the company’s affairs, and</li><li>(b) the arrangements are negotiated on arm’s length terms, and</li><li>(c) the investment schemes act together to secure greater control or influence over the company’s affairs than they would be able to secure individually”~(Income Tax Act 2007 s809FZZ(1) as inserted by Finance Act 2016 s37).</li></ul>
<b>actual</b>	Amounts of expenditure incurred or income received, as against the budgeted figure. The difference between them is known as the <b>variance</b> .
<b>actual authority</b>	American term for when a principal clearly intended an agent to have authority to act, as against any <b>implied authority</b> .

<b>actual bailment</b>	American term for actual or constructive delivery of goods for another to hold as <b>bailee</b> .
<b>actual basis</b>	Method for determining the <b>basis period</b> for calculating income tax on trades based on income during the tax year. The actual basis is used for the first and last tax years of a business's existence, subject to <b>overlap relief</b> . All the years in between are taxed on the <b>current year basis</b> .
<b>actual birth</b>	Date a baby is born, as against the <b>expected birth</b> which is the date on which a doctor or midwife expected the baby to be born. For the purposes of <b>statutory maternity pay (SMP)</b> , care must be taken as to which birth date is used for determining entitlement. Actual birth is the latest start date for SMP and is the start date for <b>compulsory maternity leave</b> .
<b>actual charge</b>	For the purposes of <b>spirits duty</b> , this "is normally based on the litres of alcohol contained in the spirits and any <b>feints</b> produced less the litres of alcohol in any feints brought forward from the previous period" (Customs notice 39).
<b>actual consideration</b>	For stamp duty land tax, amount paid in respect of a transfer of land into or from a partnership (Finance Act 2003 Sch 15).
<b>actual cash value</b>	Amount of money, less depreciation, that it would cost to replace an item damaged beyond repair.
<b>actual damages</b>	American term for <b>damages</b> which arise directly from some action (such as tort or breach of contract), as against <b>consequential loss</b> or damages which arise under a statute.
<b>actual disposal proceeds</b>	In relation to the remittance basis as regards funds to meet a capital gains tax liability, the term is given a specific meaning in Income Tax Act 2007 s809VK(3).
<b>actual eviction</b>	American term for when a person has been removed from premises, as against other forms such as <b>constructive eviction</b> .
<b>actual expenditure</b>	Amount for which a business may claim capital allowance for <b>plant and machinery</b> that has been bought, rather than made by the business (Capital Allowances Act 2001 s13(1)(a)).
<b>actual lease</b>	For an anti-avoidance provision in relation to leased trading assets, this term is defined in Income Tax Act 2007 s681CE(2).
<b>actual military service</b>	Engagement in military duties. During such service, a person may make a <b>privileged will</b> .
<b>actual notice</b>	American legal term for when a person is specifically told something rather than being assumed to have known about it.



<b>actual overhead cost</b>	In management accounting, overhead cost of the period that derives from a financial transaction, such as expenditure, rather than a financial adjustment such as depreciation.
<b>actual possession</b>	American term for having physical custody of something, as against other forms of possession.
<b>actual price</b>	Amount payable for immediate delivery of a <b>commodity</b> .
<b>actual provision condition</b>	Term used in relation to diverted profits tax (Finance Act 2015 s82(7) and 88(9)).
<b>actual reduction in tax liability</b>	In the context of an anti-avoidance provision for R&D credits, this term is defined in Corporation Tax Act 2009 s1116.
<b>actuals</b>	<p><i>Commodities</i> <b>Commodities</b> on hand, ready for shipment, storage or manufacture. Commodities not on hand are usually known as <b>futures</b>.</p> <p><i>Accounting</i> Real figures in financial statements, compared with budgeted or forecast figures.</p>
<b>actual self-assessment</b>	Term specifically used in Revenue Scotland and Tax Powers Act 2014 s97. It refers to a self-assessment tax return that can supersede a determination made by a tax tribunal.
<b>actual substitution test</b>	One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of <b>IR35</b> .
<b>actual tax point</b>	<p>Date when VAT is charged on a supply.</p> <p>This is when an invoice is issued up to 14 days <i>after</i> a supply has been made or when payment has been received <i>before</i> the supply was made. Otherwise the tax point is the <b>basic tax point</b>, namely the date on which the supply was made.</p> <p>If the actual tax point occurs before the basic tax point and the tax points fall in periods where different VAT rates apply, the supply may be caught by <b>anti-forestalling provisions</b>.</p>
<b>actual value</b>	Alternative term for <b>market value</b> .
<b>actuarial assumption</b>	For accounting standards, "an entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post-employment benefits" (FRS 102 glossary).
<b>actuarial gain (loss)</b>	<p>Changes in a pension fund's deficits or surpluses that arise because:</p> <ul style="list-style-type: none"><li>• events have not coincided with the assumption used by the actuary when carrying out the previous triennial valuation of the fund or</li><li>• the actuary changed the assumptions used in previous valuations.</li></ul>

<b>actuarial gains and losses</b>	<p>“The changes in the present value of the defined benefit obligation arising from:</p> <ul style="list-style-type: none"><li>(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and</li><li>(b) the effects of changes in actuarial assumptions” (IAS 19 para 8).</li></ul>
<b>actuarial method</b>	<p>Means of calculating <b>depreciation</b> of a <b>fixed asset</b>, particularly where the asset is acquired by a <b>finance lease</b>.</p> <p>Basically the depreciation is linked to the finance charge.</p>
<b>actuarial present value of promised retirement benefits</b>	<p>“The present value of the expected payments by a retirement benefit plan to existing and past employees, attributable to the service already rendered” (IAS 26 para 8).</p>
<b>actuarial surplus</b>	<p>Surplus which results from overfunding a pension scheme.</p>
<b>actuarial tables</b>	<p>Tables indicating how long people are expected to live according to their sex and current age. They are also known as <b>life expectancy tables</b> or <b>mortality tables</b>.</p>
<b>actuary</b>	<p>Person who is professionally qualified in the mathematics and statistical methods used by the pension and insurance industries.</p> <p>In certain circumstances insurance companies, pension schemes etc. are required to have documents, calculations etc. certified by an actuary. In this and other legal contexts the word means a qualified Fellow of the Institute or Faculty of Actuaries. For general insurance business, it also means a Fellow of the Casualty Actuarial Society who is also a member of an actuarial body.</p>
<b>actuating purpose</b>	<p>“Purpose which motivates or incites a person to act” (FCA handbook).</p>
<b>actus curiae neminem gravabit</b>	<p>Latin: an act of the court shall prejudice no-one.</p>
<b>actus legis nemini facit injuriam</b>	<p>Latin: the act of the law injures no-one.</p>
<b>actus non facit reum, nisi mens sit rea</b>	<p>Latin: the act itself does not constitute guilt unless done with a guilty intent.</p>
<b>actus reus</b>	<p>Latin: act of the defendant.</p> <p>The term means the guilty act of a crime. It is one of the two pre-conditions for most crimes, the other is the <b>mens rea</b> or intention.</p> <p>This means that a crime is usually committed only when a person has evil intent (<i>mens rea</i>) <i>and</i> guilty act (<i>actus reus</i>).</p>
<b>actus reus non facit reum nisi mens sit rea</b>	<p>Latin: an act does not make that person guilty of his crime unless his mind be also guilty.</p>

<b>ACU</b>	(1) Asian Currency Unit. (2) Automatic calling unit; in computing. (3) Association of Commonwealth Universities.
<b>acute care</b>	“Intensive medical treatment provided by or under the supervision of a consultant, that lasts for a limited period after which the person receiving the treatment no longer benefits from it” (Care Act 2014 Sch 3 para 7(6)).
<b>acv</b>	Actual cash value.
<b>ACWA</b>	Associate Cost Works Accountant. This is an old designation whose modern equivalent is <b>ACMA</b> .
<b>acy</b>	Average crop yield.
<b>acyclic</b>	Description of a phenomenon which does not depend on the economic cycle (or any other cycle).
<b>ad</b>	Latin: to
<b>AD</b>	(1) Prefix for notice on anti-dumping duty. (2) <b>Approved distributor</b> . (3) <b>Anno Domini</b> , Latin: in the year of our Lord. Standard system for numbering calendar years from 1 AD.
<b>ADA</b>	(1) <b>Americans with Disabilities Act 1990</b> , an American law. (2) Action data automation. (3) Association of Drainage Authorities.
<b>Adamson, William</b>	Scottish Labour politician (1863-1936) who was leader of the Labour party from October 1917 to February 1921.
<b>ad apertum libri</b>	Latin: as the book opens.
<b>adaptive compression</b>	In computing, a form of <b>compression</b> which constantly monitors the data being compressed to find the most effective method.
<b>adaptive control</b>	System whereby control is exercised automatically but according to circumstances. So an exception report in management accounting or a sell signal in investment is triggered by a combination of events which are themselves predetermined by circumstances.
<b>adaptive expectations</b>	In economics, a hypothesis which explains how economists form forecasts by adjusting results of previous periods.
<b>adaptive exponential smoothing</b>	Quantitative forecasting method where historic averages are smoothed by a coefficient which fluctuates with the passing of time. The larger the coefficient, the greater is the smoothing effect.

<b>adaptive filter</b>	Continuously updating the weighting of past prices to provide a smoother record of prices for forecasting purposes.
<b>adaptive forecasting</b>	Continual adjustment to a <b>forecast</b> to reflect developing circumstances.
<b>ad arbitrum</b>	Latin: at will.
<b>ad avizandum</b>	Latin: to be deliberated upon. Description of something to be considered further.
<b>A-day</b>	<p>The date of 6 April 2006 when the tax regime for pensions radically changed.</p> <p>The main changes were:</p> <ul style="list-style-type: none"><li>• the maximum amount which may be saved in a pension scheme is determined by both an <b>annual limit</b> and a <b>lifetime limit</b>, rather than as a percentage of earnings;</li><li>• the retirement age must generally fall between 55 and 75;</li><li>• a person may belong to any number of pension schemes of any type;</li><li>• there are additional options on the types of annuity by which a pension may be paid.</li></ul>
<b>ADB</b>	<p>(1) Accidental death benefit.</p> <p>(2) Asian Development Bank.</p>
<b>ad-blocker</b>	Software that blocks advertisements from appearing when accessing websites.
<b>ADC</b>	Analogue to digital converter.
<b>ad clerum</b>	Latin: to the clergy.
<b>ad colligenda bona</b>	<p>Latin: to collect the goods.</p> <p>This is a form of administration of an estate where the estate is perishable or precarious and cannot await the completion of normal procedures.</p>
<b>ADCD</b>	Prefix for HMRC's tax manual on anti-dumping and countervailing duties.
<b>ADCON</b>	Address constant, a computing term.
<b>ad crumenam</b>	Latin: to the purse.
<b>ADD</b>	<p>(1) <b>Accidental death and dismemberment</b>, a form of insurance policy.</p> <p>(2) <b>Anti-dumping duty</b>, a category of <b>Customs duty</b>.</p>
<b>add</b>	Join or put with something. The term is used in mathematics for the simplest function of producing a total from two numbers, as explained in <b>addition</b> .

<b>ad damnum</b>	Latin: to the damage. This usually refers to the amount of <b>damages</b> demanded in legal proceedings.
<b>add back</b>	<p>Part of a tax computation in calculating the <b>adjusted profit</b> for income tax or corporation tax.</p> <p>The tax computation starts with the net profit as shown in the profit and loss account. Items which are not allowable for tax must be added back. This increases the taxable profit, or reduces a loss (or even turn a loss into a profit).</p> <p>Items are added back because they are not tax-deductible or because they are dealt with for tax in other ways.</p> <p>Items commonly added back in accounts include:</p> <ul style="list-style-type: none"><li>• depreciation</li><li>• personal expenditure</li><li>• fines, bribes, penalties and similar</li><li>• salaries paid to partners or sole traders</li><li>• travel between home and place of work.</li></ul>
<b>added property</b>	For inheritance tax, property added to certain types of trust after its initial settlement. The tax implications are given in Inheritance Tax Act 1984 from s67.
<b>added sugar ingredients</b>	<p>The presence of these can bring a soft drink within the scope of soft drinks industry levy.</p> <p>“A packaged soft drink contains “added sugar ingredients” if any of the following are combined with other ingredients at any stage in the production of the soft drink —</p> <ul style="list-style-type: none"><li>(a) calorific mono-saccharides or di-saccharides;</li><li>(b) a substance containing calorific mono-saccharides or di-saccharides” (Finance Act 2017 s29(2)).</li></ul>
<b>added to loan</b>	In banking, term used by lenders when additional charges are added to the amount lent. Such additional charges typically may include an <b>arrangement fee, administration fee</b> and <b>mortgage indemnity fee</b> .
<b>added tribunal</b>	“Means a tribunal specified in an order made by the Lord Chancellor” (Tribunals, Courts and Enforcement Act 2007 s42(3)).
<b>added value</b>	Amount of increased worth from when something is received to when it is passed on. In management accounting, profit can be seen as the added value minus the overheads (such as wages and tax) incurred in the process.
<b>added years</b>	In pensions, amount of additional funding applied to a person's pension entitlement, expressed in terms of years of service.
<b>added years contribution</b>	In relation to the special annual allowance charge for pensions, this term is defined in Finance Act 2009 Sch 35 para 13(5).

<b>addend</b>	In <b>addition</b> , a number which is added to another number (the <b>augend</b> ) to give a <b>total</b> .
<b>ad diem</b>	Latin: to the day appointed. Used to indicate a postponed court case.
<b>adding machine</b>	Machine which is used for addition and other simple arithmetical functions. On adding machine till rolls, a total is usually indicated by an asterisk * , while a sub-total is indicated by a diamond $\diamond$ . Auditing a till roll requires checking that the list of numbers is preceded by an asterisk.
<b>add-in program</b>	Software program designed to work with other software to expand the range of activities which may be performed.
<b>additament</b>	Something which has been added.
<b>addition</b>	Process of combining two numbers to give a <b>total</b> or <b>sum</b> . The first number is known as the <b>augend</b> and the latter as the <b>addend</b> , so in the equation: $2 + 3 = 5,$ 2 is the augend, 3 is the addend, and 5 is the total. A total to which further numbers are to be added is called a <b>sub-total</b> . On calculators and adding machines, total usually is indicated by an asterisk * , while sub-total is indicated by a diamond $\diamond$ .
<b>additional 4 periods</b>	In relation to corporation tax for oil industry and ring fence expenditure supplement, "means the 4 accounting periods after the <b>initial 6 periods</b> for which the company claims [ring fence expenditure] supplement under this Chapter" (Corporation Tax Act 2010 s311(1A)).
<b>additional borrowing</b>	In banking, extra money a person or business may borrow in addition to existing borrowing.
<b>additional calculation rule</b>	Rule set out in Corporation Tax Act 2009 s228 that applies for certain receipts from leases. The rule is repeated for income tax in Income Tax (Trading and Other Income) Act 2005 s288.
<b>additional class 3 contributions</b>	A past year for which a person may pay class 3 national insurance contributions to maintain their national insurance record (Social Security Contributions and Benefits Act 1992 s13A). There are restrictions on the number of years for which contributions may be paid and when they must be paid.
<b>additional class 4 percentage</b>	Rate of class 4 national insurance payable by the self-employed on the amount of their income which exceeds the class 4 upper limit. The term was introduced by National Insurance Contributions Act 2002. The rate is 2% from 6 April 2011, and 1% previously.

<b>additional day</b>	Day added to a prison sentence for a disciplinary offence in prison (Criminal Justice Act 2003 s257).
<b>additional deduction</b>	Deduction from corporation tax that may be made for television tax relief, as explained in Corporation Tax Act 2009 from s1216CF. Similar deduction for theatrical production relief under Corporation Tax Act 2009 s1217J.
<b>additional disagreement factor (ADF)</b>	Amount by which possible disagreement is multiplied when a person is added to a group. The formula is $ADF = n/(n-2)$ where $n$ is the number of the person added. So if a sixth person is added to a group of five, the ADF is 6/4 or 1.5. The chances of disagreement have been increased by 50%. The factor is based on the assumption that the only element necessary for a disagreement is two people. The ADF therefore measures the increase in the number of combinations of two people.
<b>additional duties</b>	Additional work undertaken by an employee for additional pay. Such payment is normally taxed as employment income. This is explained in the inspectors' manual at EIM00730. The matter was tested in the case <i>Mudd v Collins [1925] 9TC297</i> . This was where a director was paid a commission for selling a branch. The judge said, "if an officer is willing to do something outside the duties of his office... and his employer gives him something in that respect, that is a profit' it becomes a profit of his officer which is enlarged a little so as to receive it". This does not apply if the payment is not for services. An example is <i>Donnelly v Williamson [1981] 54TC636</i> where a teacher was reimbursed a mileage allowance for attending parents' evenings. This was not payment of earnings as attending such evenings was not part of her duties.
<b>additional expense</b>	For taxation of assets provided to an employee, the term is defined in Income Tax (Earnings And Pensions) Act 2003 s205(4).
<b>additional expenses rules</b>	Term used by HMRC for expenses incurred when an employee is sent overseas. Such expenses may not be taxable (HMRC leaflet 480).
<b>additional hours</b>	In relation to a shop worker objecting to working on a Sunday, "means any number of hours of shop work that a shop worker is (or could be) required to work under a contract of employment on Sunday that are (or would be) in excess of the shop worker's normal Sunday working hours" (Employment Rights Act 1996 s41A(2) as inserted by Enterprise Act 2016 Sch 5 para 3).
<b>additional land transaction</b>	Term used in relation to the <b>notional land transaction</b> , considered in relation to <b>pre-completion transactions</b> for SDLT. The law is Finance Act 2013 Sch 39 para 5. Broadly, any payment for an additional land transaction is added to the notional land transaction in determining how much SDLT is payable.

<b>additional licensing area</b>	Area for which a local authority has determined that a <b>house in multiple occupation</b> is subject to additional licensing requirements (Housing Act 2004 s56).
<b>additional maternity leave</b>	A period which extended a woman's total <b>maternity leave</b> to 52 weeks after she has finished her <b>ordinary maternity leave</b> (Employment Rights Act 1996 s73). She is not entitled to any pay or statutory maternity pay during this period, but is entitled to all other benefits under the contract of employment. These provisions have now been amended by <b>shared parental leave</b> .
<b>additional paid-in capital</b>	In USA, amount paid by stockholders above the par value of the stock.
<b>additional pay</b>	In relation to <b>PAYE</b> , "means the appropriate amount, established from an employee's code (where it is a K code not used on the cumulative basis) and the tax tables, to be added to the relevant payments made to an employee in order to determine the taxable payments" (PAYE regulations SI 2003 No 2682 reg 2(1)).
<b>additional payment</b>	Payment made to a redundant employee when a trade ceases. The tax allowability is set out in Income Tax (Trading and Other Income) Act 2005 s79.
<b>additional payments</b>	(1) Payments additional to redundancy pay (Corporation Tax Act 2009 s79). (2) Part of the <b>alternative finance returns</b> achieved under <b>investment bond arrangements</b> (Taxation of Capital Gains Act 1992 s151N and 151S).
<b>additional pension</b>	Government-backed pension scheme whereby employees pay more national insurance to receive an addition to the <b>state retirement pension</b> in retirement. There have been three additional pension schemes: <ul style="list-style-type: none"><li>• <b>graduated pension</b> (1961-1975);</li><li>• <b>SERPS</b> (1978-2002); and</li><li>• <b>state second pension</b> (from 2002).</li></ul>
<b>additional personal allowance (APA)</b>	Additional tax allowance which could be claimed by a single parent, or by a married parent whose partner was disabled. It was introduced in 1973 at £130 a year. From 1975, the amount was fixed as the difference between the lower and higher personal allowances, where the latter was claimed by a married man. This had the effect that a single mother or single father received the same personal allowances as a married man. From 1995, the amount ceased to be treated as an allowance and was given as a deduction from tax. The deduction was 20% of the allowance from 1994, 15% from 1995 and 10% from 1999. The allowance was abolished from 6 April 2000.
<b>additional premium</b>	Further payment which be made to an insurance policy to provide additional cover.



- additional primary percentage** Rate of class 1 national insurance payable by an employee on earnings above the **upper earnings limit**. This rate was introduced at 1% on 6 April 2002 and increased to 2% from 6 April 2011.
- additional rate** Rate of 50% income tax introduced from 6 April 2010. It was reduced to 45% from 6 April 2013.
- additional rate code** For PAYE, a special code "which effects deductions of tax wholly at the additional rate" (PAYE regulations SI 2003 No 2682 reg 7(3)(ba)). The code is D1.
- additional rate income** For the purposes of determining entitlement to savings nil rate for income tax, this term is defined in Income Tax Act 2007 s12B(8)(a) as inserted by Finance Act 2016 s4.
- additional rate tax** Term that is specifically used for the higher rates of tax paid by discretionary trusts compared with interest in possession trusts.
- additional relief** Term used for the additional tax relief which could be claimed for children. This is abolished from 6 April 2000 (Finance Act 1999 s33(2)).
- additional room** The extent to which additional rooms may be zero-rated for VAT can depend on whether they can be regarded as part of a zero-rated new construction or as part of a standard-rated extension. The difference was considered in the VAT case *Castle Caereinion Recreation Association [2002] VTD 18303*.
- additional school** School that is not an **academy** nor a replacement for a discontinued maintained school (Academies Act 2010 s9(3)).
- additional secondary percentage**  
Rate of class 1 national insurance payable by an employer on an employee's earnings above the **upper earnings limit**. It was introduced on 6 April 2002 at 1% and was increased to 2% from 6 April 2011.
- additional security fee** An additional charge made to a loan when the security does not meet a particular standard.  
Typically such a fee is imposed if a **mortgage** is for more than 75% of the value of the property. The fee may pay the premium for a **mortgage indemnity policy**.
- additional statutory paternity pay (ASPP)**  
From 6 April 2011 to 5 April 2015, further payment of **statutory paternity pay** which may be payable after **ordinary statutory paternity pay**.  
Broadly, a woman who returns to work before the end of her **maternity pay period** may transfer the balance of the period to her partner (not necessarily male) for a period of up to six months. The law is contained in Social Security Contributions and Benefits Act 1992 s171ZE.  
The payment is subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s660(1)).  
Only 0.6% of fathers took ASPP, so it was replaced by **shared parental**

**leave** from 6 April 2015.

**additional strikes expenses** Optional clause which may be added to a marine insurance policy. It provides cover should goods be diverted because a strike prevents goods being sent or received by the intended port.

**additional tax** An extra amount which must be added to the income tax otherwise payable for such things as unauthorised payments from a pension fund (Income Tax Act 2007 s30).

Generally, the term means a second or subsequent tax charged on the same amount. Surtax was an example.

**additional voluntary contributions (AVCs)**

Payments an employee could make to an **occupational pension scheme** before 6 April 2006 in addition to regular payments to increase the amount of pension entitlement.

Tax law allowed an employee to invest up to 15% of salary (depending on age) in a scheme, yet few schemes ever took more than 5%. AVCs allowed some of the spare allowance to be utilised. AVCs attracted the same tax relief as the main contribution.

There were two types of AVC: .

- **in-house AVC;** and
- **free-standing AVC (FSAVC).**

**additional war risks expenses** Optional clause which may be added to a marine insurance policy. It provides cover should goods not be delivered as a consequence of war and related risks, such as arrests, restraints and other hostile action.

**additional yearly rent** Notional amount of benefit in kind on which an employee is assessed to income tax if provided with accommodation by an employer if the accommodation cost more than £75,000.

The amount of benefit is calculated by subtracting £75,000 from the cost and multiplying the difference by the **official rate of interest**.

The tax provisions are contained in Income Tax (Earnings And Pensions) Act 2003 s106.

**addition law** Statistical procedure for determining the chances of one of two **probabilities** occurring. The formula is:

$$p(A \text{ or } B) = p(A) + p(B) - p(A \text{ and } B)$$

Using **set notation**, the formula is:

$$p(A \cup B) = p(A) + p(B) - p(A \cap B)$$

This means that the chances of A or B occurring equal the chance of A occurring, plus the chance of B occurring, minus the chance that both A and B will occur.

For example, the chance of throwing at least one six when throwing two dice is one in six (first dice), plus one in six (second dice), minus one in 36 (throwing two sixes).

As one in six is 6 in 36, this gives a probability of 6 + 6 – 1 out of 36,

which is 11 in 36.

<b>additious</b>	Description of something which increases by <b>addition</b> .
<b>additur</b>	Latin: it is added. The term is sometime used for an addition to the damages requested or awarded.
<b>add-lister</b>	Term sometimes used for an <b>adding machine</b> with a print-out facility.
<b>add-on</b>	In computing, any piece of hardware or software which can be added to an existing system.
<b>address</b>	Residence of an individual or business, or location of data in a computer system.
<b>addressable memory</b>	Part of a computer drive where data can be addressed.
<b>address book</b>	Book for recording addresses. For VAT purposes, this is not a zero-rated book but standard-rated stationery, as stated in <i>Customs and Excise Commissioners v Colour Offset Limited</i> [1995] STC 85 (QB).
<b>address bus</b>	In computing, the electronic channels along which storage details are communicated within a computer.
<b>address commission</b>	Commission paid to an agent who is responsible for loading cargo on to a chartered vessel.
<b>addressee</b>	Person to whom something is addressed.
<b>address for service</b>	Address which must be provided in legal proceedings for communications to be sent.
<b>address mask</b>	In computing, pattern of bits used to filter out those parts of an address which are used to read the network and subnet parts of an address within an Internet address.
<b>address munging</b>	Changing an e-mail address to stop unwanted e-mails.
<b>address register</b>	In computing, a central register which may be accessed to find data.
<b>address resolution</b>	In computing, process of converting an Internet address into a form that allows the computer to gain access.
<b>address resolution protocol (ARP)</b>	In computing, the standard for <b>address resolution</b> software.
<b>ADEA</b>	Age Discrimination in Employment Act, a US law of 1967.

<b>adeem</b>	Process of losing through <b>ademption</b> .
<b>Adelphia scandal</b>	Corporate scandal of 2002 involving the American cable company Adelphia Communications Corporation. The company was found to have \$2.3 billion in off-balance sheet funding.
<b>à demi</b>	French: by halves.
<b>ademption</b>	Process whereby a <b>legacy</b> totally or partly fails for a reason relating to a legacy. The commonest reason for ademption is that the item bequeathed no longer exists, such as when a legacy is for a painting which the testator sold.
<b>Aden</b>	Name of <b>Yemen</b> before 1970.
<b>adequate</b>	In contract law, a condition that must be met by a <b>consideration</b> to establish a legal contract. In practice this must mean that the consideration must have some economic value, however small. A case on the matter was <i>Chappell v Nestlé Co Ltd [1959]</i> where part of the consideration was used chocolate wrappers that were thrown away. The judge said, "a <b>peppercorn</b> does not cease to be good consideration if it is established that the promisee does not like pepper and will throw away the corn".
<b>adequate public disclosure</b>	Requirement in connection with take-overs and buy-backs. The law is contained in Buy-back and Stabilisation Regulations and Consolidated Admissions and Reporting Directive.
<b>adequate security</b>	In relation to VAT "means security that is of such amount and given in such manner — (a) as the tribunal or court may determine (in a case falling within subsection (3) or (5), or (b) as HMRC consider adequate to protect the revenue (in a case falling within subsection (4))" (Value Added Tax 1994 s85B(8)).
<b>à dessein</b>	French: on purpose.
<b>A-destination</b>	Desirable location for premises. The term commonly refers to a desirable location for a retail store because of the high existing use.
<b>ad eundem</b>	Latin: to the same.
<b>ad eundem gradum</b>	Latin: to the same degree.
<b>ADF</b>	<b>Additional disagreement factor.</b>
<b>ad factum praestandum</b>	Latin: for the performance of a certain act.

<b>ad finem</b>	Latin: to the end.
<b>ad fundandum jurisdictionem</b>	Latin: for the purpose of founding jurisdiction.
<b>adherent</b>	Person who subscribes to a philosophy, religion or viewpoint. The term also has a specific meaning under Treason Act 1351.
<b>adhesion contract</b>	American term for a <b>contract</b> whose terms are so heavily biased in favour of one party that there is serious doubt as to whether the other party really entered into the contract voluntarily.
<b>adhesive label</b>	For VAT, an adhesive label is not within the definition of a leaflet and cannot be zero-rated ( <i>HP Lansdown (Linguistickers) Ltd [1996] VTD 14714</i> ).
<b>adhesive photograph</b>	For VAT, an adhesive photograph designed to be stuck into a book to complete its text is not zero-rated as a book or leaflet ( <i>Panini Publishing Ltd [1988] VTD 3876</i> ). They would be zero-rated if sold already stuck into the book.
<b>adhesive stamp</b>	Stamp which is stuck to a document to indicate that duty or a fee has been paid, as against a stamp made by an impression from a die. There are provisions in Stamp Act 1891 s9 for fraudulent use.
<b>ad hoc</b>	Latin: for this purpose.
<b>ad hoc collection</b>	Term once used by Royal Mail for collecting a single item. This is now known as a <b>single collection</b> . An additional charge is made.
<b>ad hoc query</b>	In computing, a read-only reference to a file or database.
<b>adhocracy</b>	An organisation with little or no structure. The term was first used by David Burnham in his book <i>The FBI</i> .
<b>ad hoc settlement</b>	Very rare form of trust for sale of land under Law of Property Act 1925.
<b>ad hoc trust for sale</b>	Trust for sale of land where the trustees are two individuals approved by a court, their successors or a trust corporation. Under Law of Property Act 1925 a sale of land subject to this type of trust overreaches all other equitable interests that would not be overreached for other types of trust sale.
<b>ad hominem</b>	Latin: to the man. Description of an argument which is based on a person rather than on what he says.
<b>ADI</b>	<b>Accumulation/distribution indicator.</b>
<b>ad idem</b>	Latin: towards the same. Two parties to a contract must be ad idem for the contract to be legally enforceable.

<b>ad infinitum</b>	Latin: to infinity.
<b>ad inquirendum</b>	Writ requiring something to be investigated.
<b>ad interim</b>	Latin: in the meanwhile.
<b>adiophora</b>	Those views and teachings which are considered as being of insufficient importance, so members may hold different views without causing division. The term is commonly used in theology and ethics.
<b>ADIT</b>	Advanced Diploma in Taxation, a qualification offered by Chartered Institute of Taxation.
<b>adjacent premises</b>	For <b>beer duty</b> , premises within five kilometres of a brewery that may be registered on the same licence (Customs notice 226).
<b>adjective law</b>	Those aspects of the law which relate to practice and procedure.
<b>adjourn</b>	Postpone to a later time, particularly of a meeting or court case.
<b>adjourned diet</b>	In Scots law, "a date to which a hearing has been put off" (Judiciary of Scotland website glossary).
<b>adjourned meeting</b>	Meeting which resumes the business of a meeting started at an earlier occasion. In company law, a resolution passed at an adjourned meeting is regarded as being passed on the date of that meeting and not on the date of the original meeting (Companies Act 2006 s332).
<b>adjournment</b>	Temporary discontinuation of proceedings with the intention of resuming them later.
<b>adjudicating authority</b>	For social security, person or body allowed to determine an issue (Social Security Act 1998 s27(7)).
<b>adjudication</b>	Process of an independent third party giving a ruling to settle a dispute. This should be distinguished from <b>mediation</b> where an attempt is made to help the parties reach their own agreement. The term is also used for HMRC determining the amount of stamp duty payable on a document under Stamp Act 1891 s12. In relation to the trading relationship between a <b>small business</b> and a <b>larger business</b> , "adjudication includes arbitration" (Enterprise Act 2016 s13).
<b>adjudication fee</b>	Fee charged in connection with obtaining an <b>adjudication stamp</b> . It is abolished from 1 January 1871.
<b>adjudication order</b>	Term formerly used for the court document which formally made a person bankrupt.

- adjudication stamp** For stamp duty, stamp representing the value as adjudicated (Stamp Act 1891 s12).
- Adjudicator** Independent officer who investigates complaints of poor service from the tax authorities. This deals with such matters as slowness, rudeness, non-co-operation and improper use of discretionary powers. The Adjudicator does not deal with tax appeals. A reference to the Adjudicator should be made only when an attempt to resolve the matter with HMRC has failed.  
The Adjudicator was first appointed from 1 July 1993.  
The address is The Adjudicator's Office, Haymarket House, 28 Haymarket, London SW1Y 4SP. Telephone 020 7930 2292. Fax 020 7930 2298. E-mail [Adjudicators@gtnet.gov.uk](mailto:Adjudicators@gtnet.gov.uk). Website [www.adjudicatorsoffice.gov.uk](http://www.adjudicatorsoffice.gov.uk).
- Adjudicator to Her Majesty's Land Register**  
Person appointed by the Lord Chancellor under Land Registration Act 2002 s107, with effect from 28 April 2003. The functions include determining objections to land registration.
- adjunct learning** In human resources, supplementary training tool that applies programming principles to existing educational modules to specific areas within the module.
- adjust** (1) To change something (particularly an amount) to reflect a change.  
(2) In Scots law, "to alter the written pleadings of an action or its defence in its early stages". (Scots law website glossary)
- adjustable peg** Another name for **crawling peg**.
- adjustable rate mortgage (ARM)**  
Mortgage where the rate payable fluctuates according to current market rates. This is the most common form of mortgage. Usually the rate moves in line with a predetermined index such as Treasury Bill rates.
- adjustable rate preferred stock (ARPS)**  
Preference shares where the rate of interest is determined by reference to a published rate, such as the base rate.
- adjusted age** Age of a person adjusted upwards or (occasionally) downwards to reflect their medical condition.  
So a person aged 80 in poor health may be given an adjusted age of 90. The adjusted age is used to calculate life assurance rates, and can therefore be relevant for inheritance tax if the person has taken out a bond under the **discounted gift scheme**.  
Adjusted age is sometimes called **weighted age**.
- adjusted allowance** For residence nil rate band for inheritance tax, this figure is calculated as the **default allowance** less  $(E - TT)/2$  where E is the value of the person's estate immediately before death, and TT is the taper threshold at death (Inheritance Tax Act 1984 s8D(5)(g) as inserted by Finance (No 2) Act 2015 s9).

<b>adjusted chargeable amount</b>	Term used for <b>annual tax on enveloped dwellings</b> , and defined in Finance Act 2013 s105.
<b>adjusted earnings</b>	<p>Earnings of a business which have been adjusted to exclude extraordinary items.</p> <p>The actual earnings must be reported under accounting standards and for tax purposes. Adjusted earnings may be calculated by directors to explain that the earnings figures are affected by unusual factors.</p>
<b>adjusted gross income (AGI)</b>	In the USA, amount of a person's income subject to federal income tax. It comprises their annual earnings less expenses, pension contributions, capital losses and other allowable deductions.
<b>adjusted income</b>	In relation to the tapered reduction in annual allowance for pension contributions, this term is defined in Finance Act 2004 s228ZA(4) as inserted by Finance (No 2) Act 2015 Sch 4 para 10.
<b>adjusted life assurance trade profits</b>	Term that is defined in Finance Act 1989 s85A(3).
<b>adjusted net gains</b>	<p>In capital gains tax, the total of taxable amounts of chargeable gains less any deductions for reliefs and allowable losses, plus allowable losses in the current year (Taxation of Capital Gains Act 1992 s3(5B)-(5C)).</p> <p>If the gains have accrued to others but may be attributed to the taxpayer (for example, if the taxpayer is a beneficiary under certain types of trust), the adjusted net gains is the chargeable gains less any deductions for reliefs and allowable losses, plus the lower of the amount of the gain attributable to him and the amount of the <b>annual exemption</b>.</p>
<b>adjusted net income</b>	<p>Amount of a person's net income as adjusted to the amount subject to income tax (Income Tax Act 2007 s58).</p> <p>This broadly comprises taxable income less allowable payments to pension funds and Gift Aid donations. If a taxpayer is entitled to an <b>age allowance</b>, this is reduced by £1 for every £2 by which adjusted net income exceeds a stated figure until the <b>personal allowance</b> is reached.</p> <p>From 6 April 2010, adjusted net income is also used to reduce the personal allowance for taxpayers who earn more than £100,000 a year.</p>
<b>adjusted present value</b>	Calculation of the <b>all-equity net present value</b> of an investment or project after adjustments for other factors, such as taxation.
<b>adjusted profit</b>	<p><b>Net profit</b>, as taken from the profit and loss account and amended to give the figure which is subject to income tax or corporation tax.</p> <p>The usual steps in calculating adjusted profit are:</p> <ul style="list-style-type: none"><li>• add back depreciation;</li><li>• add back deductions for items which are not tax-deductible such as personal expenditure and most entertainment.</li></ul> <p>There are also some items where the methods of valuation may differ, such as personal use of stock under the <b>Sharkey v Werner</b> rules, the extent to which a loss may be reflected in long-term work in progress, and methods of</p>



stock valuation.

A business may be able to claim capital allowances in lieu of depreciation.

<b>adjusted ring fence profit</b>	Taxable profit of the oil industry that has been adjusted to comply with tax law and is ring-fenced from other taxable profits (Corporation Tax Act 2010 s330).
<b>adjusted strike price</b>	An <b>exercise price</b> which requires adjustment for an unexpected reason, such as a share split.
<b>adjusted taxable total profits</b>	In relation to the oil industry, this term is defined in Corporation Tax Act 2010 s279G(2).
<b>adjuster</b>	Abbreviation of <b>loss adjuster</b> in the insurance industry.
<b>adjuster clause</b>	<p>Clause in a contract that seeks to adjust a figure or provision on the happening of a stated event.</p> <p>An example may be a contract for the sale of a business which adjusts the proceeds for a business if a lower figure of goodwill is agreed with HMRC. A practical problem is that the existence of such a clause may in itself lead to a challenge by HMRC on the value of goodwill.</p>
<b>adjusting entry</b>	<p>An entry made in the accounts to correct a mistake in a previous entry.</p> <p>It is good practice to do this by making <i>two</i> entries: one which reverse the incorrect entry (and can be indicated as a <b>contra</b>) and one which is what the entry should have been.</p>
<b>adjustment</b>	<p>(1) Process of changing an amount to bring it into line with the figure calculated using different rules, such as adjusting accounts prepared under one accounting convention to those prepared under another convention.</p> <p>(2) Process of settling an insurance claim.</p>
<b>adjustment amount</b>	<p>Figure used in the calculation of the bank levy.</p> <p>It is defined in Finance Act 2015 s76(9) and Finance (No 2) Act 2015 Sch 3 para 14(8).</p>
<b>adjustment bond</b>	Bond issued in exchange for other bonds during financial reconstruction of a business.
<b>adjustment expense</b>	The opposite to <b>adjustment income</b> . The tax treatment is given in Income Tax (Trading and Other Income) Act 2005 s233. For property businesses, the tax treatment is given in Income Tax (Trading and Other Income) Act 2005 s330.
<b>adjustment income</b>	<p>Income which may be added to taxable income when there is a change of accounting date or accounting policy. The latter is covered by Income Tax (Trading and Other Income) Act 2005 from s226.</p> <p>For property businesses, the tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s329.</p>

<b>adjustment marks</b>	In coin making, marks caused by scraping a <b>flan</b> to reduce it to the correct size and weight.
<b>adjustment of income</b>	Practice in many countries which require a profit or gain to be adjusted in some way before being taxed. The UK has adjustment of income for trading profits and capital gains, though the term is not generally used in the UK.
<b>ADLC</b>	Advanced data link controller.
<b>ad libitum</b>	Latin: at pleasure
<b>ad litem</b>	Latin: for the suit. The term is most commonly used for a <b>guardian ad litem</b> when a legal action is brought on behalf of a <b>child</b> .
<b>ad longum</b>	Latin: at length.
<b>ADLs</b>	<b>Activities of daily living.</b>
<b>ad manum</b>	Latin: at hand.
<b>admeasurement of dower</b>	Writ which could once be brought by an heir apparent against the widow of an ancestor who was believed to withhold more land than she was entitled to.
<b>ad medium filum aquae</b>	Latin: to the middle line of the stream. This is the normal boundary of land separated by a river or stream
<b>ad medium filum viae</b>	Latin: to the middle line of the road. This is the normal boundary of land separated by a road.
<b>adminicle</b>	Something which supports or corroborates, such as corroboratory evidence in law.
<b>administer</b>	Govern or manage.
<b>administered price</b>	American term for <b>retail price maintenance</b> , where the price is fixed by the manufacturer or wholesaler and the retailer is not allowed to sell it for a different price.
<b>administered pricing</b>	When price is determined by the requirements of the seller rather than by the state of the market. This differs from when the seller calculates material and labour costs, adds a share of overheads and the required profit margin. Administered pricing is usually only possible in a <b>monopoly</b> or <b>oligopoly</b> .
<b>administering a home finance transaction</b>	Administering a regulated mortgage contract, a home purchase plan or a home reversion plan. It is an activity regulated by the Financial Services Authority.

**administering a home purchase plan**

From 6 April 2007, where this is done in the course of a business, it is regulated by the Financial Services Authority or Financial Conduct Authority.

**administering a home reversion plan**

From 6 April 2007, where this is done in the course of a business, it is regulated by the Financial Services Authority or Financial Conduct Authority.

**administering a regulated mortgage contract**

For contracts from 31 October 2004, this is regulated by the Financial Services Authority or Financial Conduct Authority.

**administration**

*General*

General running of a business, as opposed to performing the functions of the business.

*Executorship*

Administering the estate of a person who died without making a will, known as **intestacy**.

*Insolvency*

Arrangement where an insolvent company has its management replaced but continues its activities.

**Administration Act**

In social security legislation, Social Security Administration Act 1992.

**administration action**

Proceedings in court started by a **personal representative** to gain a grant of representation.

**administration bond**

Guarantee by a third party, usually an insurance company, to make good any loss if a **personal representative** fails to deal with an estate properly.

**administration fee**

A fee charged for administering something, such as an **arrangement fee**.  
The term is commonly used for mortgage applications to cover the costs of finding funds at appropriate terms. The administration fee is not usually refunded if the mortgage does not proceed.

**administration levy**

Amount which the **Pension Protection Fund** may levy on pension funds under Pensions Act 2004 s117.

**administration of estates**

Looking after someone else's property – one of the duties of an executor.

**administration order**

Court-overseen debt management plan when indebtedness does not exceed £5,000. The order usually requires payments in instalments.

**administration pending suit**

Administration of the estate of a deceased person while their will is being challenged in the High Court.

<b>administration period</b>	<p>In relation to income from estates in administration, this term is defined in Corporation Tax Act 2009 s938.</p> <p>For inheritance tax, the term is defined in Inheritance Tax Act 1984 s91.</p>
<b>administrative agency</b>	<p>American term for a regulatory body.</p>
<b>administrative block</b>	<p>Part of a factory or other premises reserved for the administration of a business.</p> <p>Under the old rules for <b>industrial buildings allowance</b> (now abolished), an administrative block could be included if it comprised less than 10% of the floor space and was sufficiently integrated. A leading case on this is <i>Abbot Laboratories Ltd v Carmody</i>. Ch D [1968] 44 TC 569.</p>
<b>administrative cost</b>	<p>Expense incurred in the general control and direction of an organisation, but which is not directly related to either its financing nor to the products or services it provides.</p> <p>Examples include heating, audit and general insurance.</p>
<b>administrative expenses</b>	<p>(1) Costs of managing and running a business.</p> <p>“Expenses that are not as easily associated with a specific function as are the direct costs of manufacturing and selling. It typically includes expenses of the headquarters office and accounting expenses” (OECD glossary of tax terms).</p> <p>(2) Expense of an administration, particularly in administering an insolvent business. These rank before all other claims in insolvency.</p> <p>(3) For insurance, there is a special meaning set out in <b>insurance accounts rules</b>.</p>
<b>administrative hearing</b>	<p>American term for a hearing to establish facts. This often happens outside the courtroom.</p>
<b>administrative law</b>	<p>Law relating to the organisation, powers and duties of government and other administrative authorities.</p>
<b>administrative letter</b>	<p>Letter sent by the Competition Directorate of the European Commission after a request has been agreed by it for exemption under European competition law. It is also known as a <b>comfort letter</b>.</p> <p>Although such a letter does not have the force of law, it would be most unusual for the Commission to commence proceedings after such a letter.</p>
<b>administrative office</b>	<p>“Office frequently located in a country other than that of the headquarters office, the parent company or country of operation” (OECD glossary of tax terms).</p>
<b>administrative procedure</b>	<p>American term for the regulation of administrative procedures. The USA passed the Administrative Procedures Act 1946 to harmonise state practices.</p>
<b>administrative receiver</b>	<p>Receiver appointed under a debenture secured by a floating charge which gives him control over all or most of the company's assets. Such a person displaces the directors of the company.</p>

From 15 September 2003, administrative receivership is abolished (with a few exceptions for financial institutions) under Enterprise Act 2002. Instead an administrator is appointed.

Guidance on the continuing use of the term is given in Insolvency Act 1986 s29(2).

- administrative removal** Material about a company that the Registrar has power to remove from the register at Companies House under Companies Act 2006 s1094.
- administrative representative** For air passenger duty, a **fiscal representative** appointed for administrative purposes only. The law is Finance Act 1994 s34A.
- administrative restoration** Process by which a struck off company may be restored to the register at Companies House without the need for an application to the court.  
The law is set out in Companies Act 2006 from s1024.
- administrative tribunal** Body established under an Act of Parliament to hear claims arising from the administration of legislative schemes, particularly relating to welfare.
- administrator** (1) Anyone whose work is general administration, such as an office manager or clerk.  
(2) Person who administers the estate of someone who died without leaving a valid will.  
(3) Person appointed by a court, creditors or directors of a company to rescue it. The company remains in existence, and the directors remain in post.
- administratrix** Female **administrator** of an intestate estate.  
This word is not used for other meanings of "administrator". The plural is "administratrices".
- Admiralty Court** Court created in 1970 as part of the Queen's Bench Division of the High Court to hear matters relating to admiralty law. Some county courts also have admiralty jurisdiction.
- ad misericordiam** Latin: to pity. Description of an argument which appeals to a sense of pity rather than on legal or logical grounds.
- admissible asset** This term has specific meanings in relation to solvency of insurance businesses and to members of Lloyd's.
- admissible value** Figure used to determine the tax liability of a non-profit insurance company. The term is defined in Finance Act 1989 s83YA.
- admissibility of evidence** Extent to which evidence may be used in court.  
The general rule is that all relevant evidence is admissible unless it is excluded under a specific provision of legal procedure. Many of these rules are now found in Civil Procedure Rules SI 1998 No 132.

<b>admissibility of records</b>	Rules about what records may be admitted as evidence in civil proceedings in court. This is largely determined by Civil Evidence Act 1968, amended in 1995.
<b>admissible</b>	Description of evidence which may legally be used in a court case.
<b>admission</b>	(1) Charge for entering premises. (2) Statement where a person acknowledges his wrongdoing. (3) Process by which a person becomes a member of a partnership (Partnership Act 1890 s15).
<b>admission notice</b>	Notice that a tobacco trader may provide to HMRC admitting that he or she has not complied with certain provisions (Tobacco Products Duty Act 1979 s6B(4) as inserted by Finance Act 2015 s56).
<b>admission to trading</b>	Process by which a person is allowed to trade, particularly on a stock exchange.
<b>admittance</b>	(1) Right to enter premises. (2) Pre-1925 process by which a landlord accepted a copyhold tenant.
<b>admittance rules</b>	Requirements for a company which allows it to be listed on a <b>stock exchange</b> .
<b>ADML</b>	Prefix for HMRC's tax manual on administrative law.
<b>ad modum</b>	Latin: after the manner of.
<b>admonition</b>	(1) Formal rebuke. It may take the form of a reprimand from a judge to a discharged defendant, or as a penalty from a professional body which decides not to impose a more serious offence. In the order of severity, admonition is the least severe of severe reprimand, reprimand and admonition. (2) In Scots law, "where a person has pleaded guilty or been convicted of an offence, in some circumstances the court may admonish the offender not to do it again and impose no other penalty" (Judiciary of Scotland website glossary).
<b>ad nauseam</b>	Latin: to the point of producing disgust. The term is commonly used for a point which is tediously repeated.
<b>Adobe</b>	Computer company which developed <b>Photoshop, Acrobat</b> , typefaces and much other software for illustration and typesetting purposes.
<b>adolescent</b>	State or period of passing from childhood to adulthood.
<b>adopted child</b>	Person who has been brought up by <b>adoptive parents</b> rather than their <b>natural parents</b> . Since 1950, an adopted child has the same rights as other children, except than an adopted child cannot inherit a title. This law is now contained in Adoption Act 1976 s39. The case <i>Gregg v Piggott</i> [2012] EWHC 732 held that an adopted child

may claim from a trust established in 1948.

An adopted child has the same rights as other children to claim from the estate of a deceased parent under Inheritance (Provision for Families and Dependents) Act 1975 s1(1)(d)).

An adopted child can benefit from the nil rate residence band (introduced from 6 April 2017) for inheritance tax.

### **adopted person**

In relation to residence nil rate band for inheritance tax, this term is given a specific meaning in Inheritance Tax Act 1984 s8K(9) as inserted by Finance (No 2) Act 2015 s9.

### **adoption**

#### *Definition*

Legal process by which a person or couple assumes parental rights and duties for a child. The natural mother and father then lose parental rights. Adoption is now governed by Adoption Act 2002 or for Scotland, Adoption and Children (Scotland) Act 2007.

A child may be offered for adoption from the age of six weeks, though the child may live with the prospective adopters before then. The adoption takes place when the **adoption order** is granted, which is at least three months after being requested.

The UK recognises overseas adoptions which are in accordance with the Hague Convention. This requires the adoption to be in a country on a list of designated countries.

Adoption first became legal in the UK under Adoption of Children Act 1926. An **adopted child** has similar rights to other children of the same parents.

An **adoption allowance** may be payable.

#### *Employment rights*

An employee who adopts may be entitled to **adoption leave** and to **statutory adoption pay**.

The natural mother of an adopted child may still be entitled to claim statutory maternity pay and maternity leave, even though another person claims statutory adoption pay and adoption leave in respect of the same child. A woman does not have to disclose to an employer that she has given up her child for adoption.

#### *Other meaning*

The term also means accepting and applying a provision, such as adopting a new accounting standard.

### **adoption agency**

Organisation which deals with arrangements for adopting children. Such an agency must be either a local authority or an approved body.

### **adoption allowance**

Sum which may be paid by an adoption agency to assist new parents looking after their adopted children. Generally adoptive parents are expected to pay for the costs of the children on the same basis as natural parents, so allowances tend to be restricted to special cases.

Adoption allowances are not subject to income tax (Income Tax (Trading

And Other Income) Act 2005ss744-747) and extra-statutory concession A40. They are also disregarded for some social security benefits, such as income support.

<b>adoption by arms</b>	Ancient practice of giving arms to a person to make them your champion and defender.
<b>Adoption Contact Register</b>	Register of all <b>adopted children</b> over the age of 18 who have expressed a wish to meet their <b>natural parents</b> .
<b>adoption leave</b>	Time off on adopting a child. Statutory adoption leave is similar in operation to maternity leave. From 1 April 2015, adoption leave may be taken from the first day of employment.
<b>adoption order</b>	Order from a court whereby parental rights pass to adoptive parents from the natural parents. The date of this order can be important to establish entitlement to adoption leave and statutory adoption pay. For child trust funds, a definition is given in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).
<b>adoption pay period</b>	Period for which <b>statutory adoption pay</b> is payable (Social Security Contributions and Benefits Act 1992 s171ZN(2)).
<b>adoption rights</b>	Rights of individuals who adopt children.
<b>adoption service</b>	Local authority service for arranging adoption of children.
<b>adoption society</b>	Society which arranges adoption of children.
<b>adoptive act</b>	Act of Parliament which only takes effect when adopted by another body or by sufficient votes.
<b>adoptive parent</b>	Individual or one of a couple who have legally adopted a child.
<b>adoptive relationship</b>	Legal relationship created by an <b>adoption order</b> .
<b>ADP</b>	(1) Automatic data processing. (2) Association for Disabled Professionals.
<b>ad patres</b>	Latin: to the fathers. Euphemism which means dead.
<b>ADPE</b>	Automatic data processing equipment.
<b>ADPS</b>	Automatic data processing system.
<b>ad quod damnum</b>	Latin: "to what damage". The term was once used for a writ to enquire into the consequences of something before permitting it, such as what inconvenience would be caused by closing a road.



<b>ADR</b>	<b>(1) Alternative dispute resolution</b> <b>(2) American depository receipt.</b>
<b>ad referendum</b>	Latin: for further consideration.
<b>ad rem</b>	Latin: to the point.
<b>à droite</b>	French: to the right.
<b>adscriptus glebae</b>	Latin: attached to the soil.
<b>ad sectam</b>	Latin: to the suit of.
<b>ad server</b>	In on-line marketing, a third-party system comprising powerful server hardware, ad serving software, and a resilient internet connection, used by advertisers and publishers for display of online adverts.
<b>ADSL</b>	Assymmetric digital subscriber line. High speed transmission standard using existing copper telephone wires. It is much faster than a <b>modem</b> , but not as fast as modern broadband systems.
<b>adsum</b>	Latin: I am present.
<b>ad summam</b>	Latin: in conclusion.
<b>ADT</b>	<b>Air departure tax.</b>
<b>ad testificandum</b>	Latin: for testifying. It is a description of a writ requiring a person to attend court, particularly in the USA.
<b>ADU</b>	Automatic dialling unit.
<b>adult</b>	Person of full age. Since 1971, this has been 18. Previously it was 21.
<b>adult at risk</b>	Adult in Scotland who is unable to safeguard his or her own well-being, is at risk of harm and are more at risk than other adults because of disability, mental disorder, illness or physical or mental infirmity (Adult Support and Protection (Scotland) Act 2007 s3(1)). There are certain powers to intervene in such a person's affairs when this is necessary for the person's welfare.
<b>adult dependency increase</b>	An addition to the <b>state retirement pension</b> that could be paid before 6 April 2010.
<b>adult gaming centre (AGC)</b>	"Premises in respect of which an <b>adult gaming centre premises licence</b> has effect" (Gambling Act 2005 s237). Such a centre needs a licence from the <b>Gambling Commission</b> . Only people who are 18 or over may enter such a centre.

**adult gaming centre premises licence**

Licence issued by a local authority which allows the holder to operate any number of **Category C** or **Category D machines**, and up to four **Category B machines** (Gambling Act 2005 s172(1)).

**adult needing care**

Term used in Care Act 2010 s10(3). The Act requires a local authority to provide services to support a carer for such an adult.

**adult placement**

A scheme similar to **fostering** but for adults. It is now known as **shared lives** caring.

It is often a condition of such placement, that the placed adult must have a room or space of his own. In the pre-Budget report of 2009 it was stated that this arrangement is ignored in determining whether a property qualifies for **main residence relief** from capital gains tax.

**Adult Protection Committee**

Body which every Scottish authority must establish to oversee provisions regarding **adults at risk** (Adult Support and Protection (Scotland) Act 2007 s42).

**adultery**

Sexual relationship by a married person outside the marriage.

Since 1970, adultery is no longer a **tort**, but is still grounds for **divorce**.

Historically, adultery was a crime, at one time carrying the death penalty. The last British execution for adultery was in 1654.

Adultery is still a crime in about half the US states and in Islamic states.

**adults' barred list**

List kept by the Independent Barring Board of people not allowed to work with **vulnerable adults** (Safeguarding Vulnerable Groups Act 2006 s2(1)).

**adult's nearest relative**

Person in Scotland who may authorise the removal of any organs from a deceased adult for transplant when the deceased has left no authorisation (Human Tissue (Scotland) Act 2006 s7).

**adult with capacity to request direct payments**

Term used in Care Act 2014 s31 in relation to care provided by a local authority.

**ad unguem**

Latin: to the nail. The expression means "to a nicety".

**ad unum omnes**

Latin: all to a man.

**ad utrumque paratus**

Latin: prepared for either case.

**adv**

Advised (that). Abbreviation used in HMRC records of telephone calls.

**ad valorem**

According to value.

The term is particularly used for those **stamp duties** which are charged according to the underlying value of the transaction, as opposed to **fixed duties**.

- ad valorem duty** Duty expressed as a percentage based on the customs value of the goods, eg 10% ad valorem means that the duty payable is 10% of the customs value of the goods.  
The term is also used for stamp duties that relate to value, as opposed to fixed duties.
- ad valorem tax** "A tax on goods or property expressed as a percentage of the sales price or assessed value" (OECD glossary of tax terms).
- advance** In finance, the term usually means any provision of funds from one party to another on the assumption that the funds will be repaid or otherwise accounted for. The term is commonly used:  
(a) for an **advance on salary** paid to an employee, such as an employee who is about to incur **expenses**. is changing from weekly to monthly paid, or who is in financial difficulties; or  
(b) the process by which a lender passes funds to the borrower.  
The usual payroll treatment is to ignore the advance when paid and when repaid, so income tax and national insurance is calculated on the normal pay. In other words, advances are made to and repaid from net pay.  
If the advance is for more than £10,000 and is not for **necessary expenses**, it may be taxable as an **employment-related loan** (Income Tax (Earnings And Pensions) Act 2003 s179).
- advance assurance** For tax, this term usually refers to the arrangement whereby a company with a turnover of no more than £2 million and fewer than 50 employees, and which has not made a previous claim for research and development may apply to HMRC for assurance that they qualify for research and development tax relief. If granted, claims will not be subject to further enquiry for the first three accounting periods in which relief is claimed.
- Advance Assurance Request (AAR)** Request from a company to HMRC as to whether it is eligible for investment under the **Seed Enterprise Investment Scheme**.  
The company must be incorporated but need not be registered for corporation tax. HMRC provided guidance on seeking such requests in a Note of 29 May 2013.
- advance clearance** Procedure by which a taxpayer can establish in advance how a transaction will be regarded for tax purposes. An example relates to exempt distributions where advance clearance is permitted under Income and Corporation Taxes Act 1988 s215.
- advance corporation tax (ACT)** A prepayment of **corporation tax** payable when a company paid a dividend or other distribution. It was charged between 6 April 1973 and 5 April 1999.  
For the company, ACT was a prepayment of corporation tax, the balance of which was known as **mainstream corporation tax**. To the shareholder, the amount of ACT was a tax credit.  
At abolition, the rate of ACT was 25%. This means that if a shareholder received a dividend of £40 he or she also received a tax credit of £10. This is

regarded as both part of the dividend and the tax payable on it. So a basic rate taxpayer was regarded as having received £50 on which £10 tax is due at the dividend rate of 20%, of which he is regarded as having paid £10 tax, so no further tax is due unless the taxpayer is a higher rate taxpayer. Thus ACT ensured that the tax payable in respect of a dividend was the higher of the company's and the shareholder's marginal tax rate.

There were restrictions on the amount of ACT which a company could offset against its corporation tax. Any excess was known as **surplus ACT** and could be carried forward for offset in future years. Although ACT has been abolished, some unrelieved ACT may still be carried forward. It is known as **shadow ACT** and is relieved in the same manner under Finance Act 1998 s32.

**advance decision**

Decision made by a person who has **mental capacity** to refuse a specified treatment or treatments after that capacity has been lost (Mental Capacity Act 2005 s24).

**advance-decline ratio**

Ratio of the number of companies whose share prices have risen during a given period over those whose share prices have declined. The period is often one day. This ratio is widely seen as a measure of market sentiment.

**advanced education**

Education at a high level.

The term is relevant for claiming social security benefits. For example, **child benefit** cannot be claimed for a young person in advanced education, but may be claimable for a young person in **non-advanced education**.

Advanced education includes a university degree, NVQ level 4, Higher National Diploma, Diploma of Higher Education, a teaching qualification and Scottish equivalents.

**advanced manufacturing technologies (AMT)**

In management accounting, new technological methods designed to meet an existing requirement of a business less expensively.

**advanced quality partnership scheme**

Bus service under Transport Act 2000 s113C as inserted by Bus Services Act 2017 s1.

**advance factory**

Factory constructed before any need is identified, particularly under the Local Employment Acts 1960 to 1966 (repealed by 1980) which allowed Industrial Estates Corporations to build them to attract employment.

**advance funding**

When HMRC provides funds to employers because their liability to an employee is greater than the income tax and national insurance collected under PAYE.

This applied between 2000 and 2003 when working family tax credit was paid through the payroll. It can also apply when, most exceptionally, refunds of statutory payments exceed PAYE payments.

**Advanced Financial Planning Certificate**

A professional qualification for financial advisers obtained by examination through the **Chartered Insurance Institute**. Holders are eligible for

membership of the Society of Financial Advisers.

**advanced measurement approach (AMA)**

A method for calculating the operational risk capital requirements in a financial institution. The term is fully defined in the FCA handbook.

**advanced quality partnership scheme**

A scheme that may be implemented by a local transport authority under Transport Act 2000 s113C as inserted by Bus Services Act 2017 s1.

**Advance Fixing Certificate**

Form of export licence for Common Agricultural Policy goods. AFCs set the rate at which export refund which will be paid on exported products. Because AFCs must be applied for in advance of export, both the exporter and the Rural Payments Agency will know how much money will be paid in export refund over the life of the certificate.

**advance freight**

Charge made by a ship owner for carrying goods from port to port. This charge is collected *before* the goods are delivered. They are intended to cover the loading costs of the ship.

**advance funding**

Payment from HMRC towards **statutory sick pay** where other PAYE payments are insufficient to cover the cost under the **percentage threshold scheme**. Application is made on-line to HMRC. This provision was rarely used, and ceased to be available from 6 April 2014 when the scheme ended.

**advancement**

(1) Progress of a career by accepting better positions.  
(2) Granting money in circumstances which make it a prepayment of an inheritance or other financial provision. This includes a payment of a capital sum from a trust under defined circumstances. An example is given in Inheritance Tax Act 1984 s89C.

**advancement of health**

One of the objects for which a charity may be formed.  
The term "includes the prevention or relief of sickness, disease or human suffering" (Charities Act 2011 s3(2)(b)).

**advancement in the world**

Term sometimes used in trust law to denote a payment from a trust fund to assist a beneficiary in such matters as marriage or buying a house.

**advancement of religion**

One of the bases for which an organisation may acquire the legal status of a charity.

Under Charities Act 2005, the organisation must also demonstrate **public benefit**.

**advancement on capital**

Arrangement whereby a trustee may advance capital to a beneficiary before the normal entitlement date.

Trustee Act 2000 provides a general right allowing trustees to advance up to half the eventual entitlement of a beneficiary. This is often done to fund a business or to buy property. The sum advanced is deducted from the eventual payment of the entitlement. If there is a **life tenant** whose income is reduced by such advancement, his or her consent must be obtained. A trust

deed may give trustees power to advance more than half.

**advance on salary**

Prepayment of part of a person's salary or wages.

Such a payment is made without any deduction of tax or national insurance (which is deducted on the whole payment at the usual time).

**advance payment**

Payment for goods or services before they are received.

In VAT, an advance payment creates a **tax point** which triggers the liability to VAT.

The advance need not be for the whole amount; it is sufficient that a part-payment is made. So where a deposit is paid, such as for building work, that triggers the VAT liability for the whole of the work. However if it is intended that the deposit be repaid in full, such as when a deposit is taken to be repaid when hired goods are returned in good condition, the deposit does not create a tax point.

In banking, the term means a payment to uninsured depositors after a bank fails to meet its obligations.

**advance payment guarantee**

Contractual right which allows a buyer to recover an advance payment if the supplier fails to fulfil his contractual obligations.

**advance pricing agreement (APA)**

Agreement between a taxpayer and HMRC regarding **transfer pricing**.

The agreement is made under the provisions of Finance Act 1999 s85. The APA determines the method to be followed. Further details are given in Statement of Practice SP 3/99.

**advance pricing arrangement**

Another term for **advance pricing agreement**, apparently preferred by OECD.

"An arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (eg method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time. An advance pricing arrangement may be unilateral involving on tax administration and a taxpayer or multilateral involving the agreement of two or more tax administrations" (OECD glossary of tax terms).

**advance refunding**

Technique once used by US Treasury whereby holders of bonds which are about to expire are offered attractive terms to borrow again.

**advance ruling**

A letter ruling, which is a written statement, issued to a taxpayer by tax authorities, that interprets and applies the tax law to a specific set of facts" (OECD glossary of tax terms).

**advance sheet**

American term for a **law report** which is produced in pamphlet form before being bound in a reference book.

**advance tax payment**

System which assesses income on the current or future year. This is a specific tax provision in some countries, particularly India.

**advance thin capitalisation agreement (ATCA)**

Agreement between a taxpayer and HMRC regarding **thin capitalisation**. An ATCA may only be made for trade with countries where the UK has a double taxation agreement.

The agreement is made under the provisions of Finance Act 1999 s85. Further details are given in Statement of Practice SP 4/07.

**advance underwriting**

Description of a system used for underwriting members of some group pension schemes.

Once an underwritten member is accepted for insurance at 'ordinary rates', they may increase their cover by a predetermined percentage in any year without the need for further underwriting.

**advantage**

In relation to national insurance avoidance, "means

- (a) the avoidance or reduction of a liability for that contribution, or
- (b) the deferral of the payment of that contribution"

(Social Security Administration Act 1992 s132A(7)).

**advantage in relation to apprenticeship levy**

This term "includes a reference to —

- (a) repayment or increased repayment of apprenticeship levy,
- (b) avoidance or reduction of a charge, or an assessment, to the levy,
- (c) avoidance of a possible assessment to the levy,
- (d) deferral of a payment of, or advancement of a repayment of, the

levy, and

- (e) avoidance of an obligation to account for the levy."

(Finance Act 2016 s103(8)).

**advantages of Revenue**

Method of recording revenue for accounting and tax purposes. The aim is to produce consistent methods wherever possible to maintain comparability and comprehensibility.

**ad ventrum inspicendum**

Latin: to inspect the belly (to see if a woman is pregnant).

**adventure**

In finance, an activity of a trade. The incidence of such an adventure triggers a liability to income tax or corporation tax as trading income.

The term was once restricted to sending goods abroad at the owner's risk in a ship to be sold at the best price the agent could obtain.

**adventure in the nature of a trade**

Term used to define what income is regarded as revenue rather than capital. The term has been used in several court cases such as *Edwards v Bairstow and Harrison [1955]*.

**adventure travel insurance**

Travel insurance for higher-risk travel and activities, such as water-boarding and exploration in remote areas.

**ad verbum**

Latin: to a word, or word for word.

<b>adversaria</b>	Miscellaneous notes, or a common book.
<b>adversarial system</b>	System of law where each side is represented by an advocate. This is the basis of the English and American system. The alternative is the <b>inquisitorial system</b> where the court enquires into the truth. This is the basis in much of Europe, and in Britain of the coroner's court.
<b>adversary procedure</b>	Another term for <b>adversarial system</b> .
<b>adverse</b>	Description of a <b>variance</b> which represents a financial result worse than expected.
<b>adverse action</b>	In human resources, any action by an employer that result in an employee or group of employees being denied equal opportunities.
<b>adverse balance</b>	Deficit on an account, particularly on a nation's balance of trade.
<b>adverse impact</b>	When a consequence has a larger impact on one group than another. The term is used for claims on discrimination, such as where a decision adversely impacts more on women than men, or more on one race than another. This can constitute unlawful discrimination.
<b>adverse occupation</b>	Occupation of premises by a trespasser to the exclusion of the lawful occupants. This is not usually a criminal offence unless the premises were occupied residential premises. Otherwise a civil procedure must be followed.
<b>adverse opinion</b>	An <b>audit report</b> which states that the records are not a true and fair view of the company's position, or that they do not comply with the Companies Act.
<b>adverse possession</b>	Occupation of land which is inconsistent with the rights of the true owner.
<b>adverse selection</b>	Tendency of customers to select products, particularly insurance, where the disclosure requirements are minimal even though they pay a higher premium as a result. The term is also used in human resources to mean any policy that unfairly discriminates any group of employees or potential employees.
<b>adverse variance</b>	Difference between a budgeted or forecast figure and the actual figure, where the difference indicates a worse than desired result.
<b>adverse witness</b>	Witness giving evidence against the person questioning him. The term <b>hostile witness</b> is now more common.
<b>advert</b>	<b>Advertisement.</b>
<b>advertisement</b>	(1) Any notice or similar communication which is designed to encourage readers to buy the product or service advertised. (2) A television advertisement is specifically excluded from the scope of television production relief (Corporation Tax Act 2009 s1216AD(1)(a)). This is defined as "any advertisement or other promotional programme"



(Corporation Tax Act 2009 s1216AD(2)).

**advertisement hoarding**

For capital gains tax, the erection of such a hoarding is not in itself a **material development** of land (Taxation of Capital Gains Act 1992 Sch 2 para 13(1)(d)).

**advertising**

**General**

Cost of promoting goods or services with a view to persuading people to use them. The term is also used more generally to indicate any notice to which the public is invited to respond, such as a product recall, public notice or campaign material.

**Cost justification**

Advertising is traditionally **cost-justified** if the profit from additional sales pays for the advertisements. Advertising typically accounts for at least 35% of the price for computers, patent medicines and many luxury goods, and 10% of food.

**Regulation**

There are many different types of advertising.

Some advertisements are banned. Any advertisement which seeks the return of stolen property on the basis that no questions will be asked is illegal under Theft Act 1968 s23.

Some advertisements are strictly regulated, such as offers of finance which are regulated by Consumer Credit Act 1974.

**Methodology**

There are no simple rules on what constitutes good advertising as opinions vary and ideas change. One lasting principle is the mnemonic **AIDA**: attention, interest, desire and attainment, as the four objectives of any advertisement.

**Tax**

Advertising and marketing are usually tax-deductible expenses as they are "wholly and exclusively" incurred for the business. Large signs may be regarded as capital and therefore only qualify for capital allowances as **plant**.

Giving away free samples as advertising is an allowable business expenditure. This is considered further in the Inspector's Manual at BIM 45032.

Such gifts may be given to selected people only. "Certain traders advertise by means of gift of their own goods, generally (though not invariably) to selected persons prominently in the eye of that section of the public which might be interested in buying the goods in question. It would be unjust if this particular sort of advertisement were disallowed as a deductible expense" (*Lord Simon in Fleming v Associated Newspapers Ltd [1972] 48 TC 382*).

**VAT flat rate scheme**

Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
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<b>4 January 2011</b>	11%
<b>1 January 2010</b>	10%
<b>1 December 2008</b>	8.5%
<b>1 January 2004</b>	9.5%

- advertising agency** An organization acting as an agent for a producer of goods or services (an advertiser) devoted to developing and placing advertising in order to further the acceptance of a brand product, service, or idea.
- advertising elasticity** Change in sales income which results from a change in spending on advertising.
- advertising hoarding** This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
- advertising launch costs** The extent to which such expenditure is capital or revenue is discussed in the Inspectors' Manual at BIM42551.
- advertising leaflets** For VAT, advertising leaflets come within the scope of zero-rated leaflets.  
In the case *Cronsvale Ltd [1983] VTD 1552*, zero-rating was refused for advertising material printed on sheets measuring 20 by 15 inches. It was held that this was too big to be a leaflet.
- advertising objective** Objective of a communication strategy. This is usually to inform of a new development, to persuade or to remind.
- advertising sponsorship** Relationship between a commercial and a non-commercial venture for the former to promote itself. Frequently the commercial business derives direct benefits, such as tickets for a theatre or sporting event.  
The extent to which such payment is tax-deductible is discussed in the Inspectors' Manual at BIM 42565.
- advertising tax** Tax on the gross value of advertising services. It is a specific tax in India.  
The term is also used more generally when a country imposes a tax on certain advertising media, often billboards.
- advertising test** One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of **IR35**.
- advertorial** Advertisement which is written to read like an article in a publication.
- advice** Any form of suggested action given by one person to another. Advice differs from information in that the former is tailored to the person's circumstances.  
In finance, this distinction can be important as only an authorised adviser may give financial advice whereas anyone may provide information.  
In counselling, advice is usually avoided. A counsellor or mentor usually

tries to get the person to work out his or her own solution.

**advice agency**

Body which dispenses advice, usually free legal and similar advice. The Citizens Advice Bureau is a good example.

**advice and consent**

Requirement of the American Constitution for the President to obtain the advice and consent of two-thirds of the Senate before making treaties or appointing senior judges.

**advice note**

Document sent to confirm that goods have been shipped to the customer. The advice note is often sent with the goods.

An advice note is not an accounting document as such, though it may be used to check deliveries to allow an invoice to be paid.

**advice of acceptance**

Acknowledgment from a **collecting bank** confirming that the funds have been received. The advice also gives details of charges made.

**advice on evidence**

Opinion of **junior counsel** after pleadings have been closed as to which witness should be called and which documents should be submitted in evidence.

**ad views or impressions**

In marketing, the number of times a specific advertisement has been displayed on a computer.

**advised line of credit**

Confirmation by a bank or other lender of what **credit line** is available to a specific customer.

**advised through**

Statement in a letter from an **advising bank** that funds have been received from a customer on a **letter of credit**. The letter does not guarantee that payment will be made.

**advise fate**

Request by a **collecting bank** as to whether a cheque will be paid by the paying bank. The request usually requires an immediate answer.

**adviser**

Person who gives advice of any type.

**advising bank**

Bank in an exporter's country that informs the exporters that a **letter of credit** has been opened with a foreign bank.

**advisory board**

Group which gives advice to a leader or leadership team but cannot make decisions. A decision-making board is known as an **executive board**.

**advisory broker**

Broker who also provides clients with advice about investments.

**advisory committee**

Committee which gives advice to management but has not executive powers to make decisions itself, unlike an **executive committee**.

**Advisory, Conciliation and Arbitration Service (ACAS)**

Government sponsored body which is charged with improving industrial

relations. It is usually known by its acronym pronounced as "ay-cass".

**advisory funds**

Funds deposited by a client with a financial institution which may invest the funds as it sees fit.

**advisory opinion**

American term for a formal opinion given by a judge to a question asked by a legislative body.

**ad vitam aut culpam**

Latin: to lifetime or fault.

The term is used in Scots law to describe the permanency of certain appointments until the holder either dies or commits an offence.

**ad vivum**

Latin: to the life; lifelike.

**advocacy**

Skill in arguing a case to present it in its best light.

**advocacy qualification**

Qualification authorising a person to act as an advocate in court under Courts and Legal Services Act 1990. There are different rights for different levels of the court.

**advocacy service standards**

In relation to social security in Scotland, these are set out in Social Security (Scotland) Act 2018 s11.

**advocate**

One who argues the case of another, such as a barrister.

In Scotland barristers are called advocates, and are appointed by the **Faculty of Advocates**.

For the first seven years of practice, an advocate may prepare accounts on the cash basis (Income Tax (Trading and Other Income) Act 2005 s160). When this period has ended, the **adjustment tax** that becomes payable may be spread over ten years under *ibid* s238.

**advocate depute**

In Scots law, "a person appointed by the Lord Advocate to prosecute in the High Court of Judiciary" (Judiciary of Scotland website glossary).

**Advocate General**

Member of the European Court of Justice whose function is to present opinions on cases brought before it. In practice, the court usually follows the Advocate General's view.

**ADX**

**Average directional movement.**

**AE**

(1) **Auto-enrolment.**

(2) For coins, a symbol denoting made of copper or bronze.

(3) **Accountancy Europe.**

**A&E**

Admiralty and Ecclesiastical Cases, law reports published between 1865 and 1875.

*[The term also means mean Accident and Emergency.]*

**AEA**

**Annual exempt amount**, for capital gains tax.

<b>AED</b>	<b>ISO code</b> for United Arab Emirates dirham.
<b>aegis</b>	Patronage. The word was originally the shield belonging to Zeus in Greek mythology.
<b>AEIUO</b>	Aberdeen, Elgin and Inverness Unattached Officers, a society of excisemen who assisted the attached excise officers of distilleries in those areas.
<b>AELE</b>	Association Européene de Libre Exchange, French: <b>European Free Trade Area</b> .
<b>AEO</b>	(1) <b>Attachment of earnings order</b> . (2) <b>Authorised economic operator</b> .
<b>AEOC</b>	<b>AEO</b> status for Customs simplification.
<b>AEOI</b>	Automatic Exchange of Information.
<b>AEOS</b>	<b>AEO</b> status. This is a Customs status that falls below <b>AEOC</b> .
<b>AEP</b>	Association of Educational Psychologists.
<b>aequitas</b>	Latin: equity.
<b>aequitas est quasi aequalitas</b>	Latin: equity is equality.
<b>aequitas sequitur legem</b>	Latin: equity follows the law.
<b>aequo animo</b>	Latin: with an equable mind.
<b>AER</b>	<b>Annual Equivalent Rate</b> and usually specifies the interest paid from current, deposit or savings accounts. This new term replaces CAR (Compound Annual Rate) which denoted much the same thing.
<b>aerial photograph</b>	For VAT, this is not regarded as a map and therefore is not zero-rated under Value Added Tax Act 1994 Sch 8 Group 3, according to VAT notice 701/10.
<b>aerodrome</b>	“Any area of land or water designed, equipped, set apart or commonly used for affording facilities for the landing and departure of aircraft” (Customs and Excise Management Act 1979 s1(1)).
<b>aerodrome charges</b>	Fees charged by aerodrome for use of its facilities by aircraft (Civil Aviation Act 1982 s38).
<b>aerosol</b>	If such a product contains an environmentally damaging gas, it may require a European Commission licence to be imported. Such a licence is then required to obtain Customs clearance.
<b>aerosol paint container</b>	“A device which: (a) contains paint stored under pressure, and (b) is designed to permit the release of the paint as a spray”

(Anti-social Behaviour Act 2003 s54(2)).

It is an offence to sell such an item to someone under the age of 16.

**aes alienum**

Latin: another's copper (or brass). This means a debt.

**AESOP**

**All employee share ownership plan.**

It is now known as a **share incentive plan (SIP)**.

**AET**

**Affective events theory.**

**aetatis suae**

Latin: of his (or her) age.

**Aethalstan**

King of England from 927 to 939 AD.

**Aethelred**

King of England from 978 to 1016 AD. Known as "the Unready".

**aetiology**

The science of philosophy of **causation**. American English spells it without the initial A.

**AF**

(1) Term used in formula for decommissioning expenditure in Corporation Tax Act 2010 s330B.

(2) **Amount foregone**, as used in Income Tax (Earnings and Pensions) Act 2003 s94A(3) as inserted by Finance Act 2017 Sch 2.

**Af**

Abbreviation: aghan, currency of Afghanistan.

**AFA**

(1) **Általános Forgalmi Adó**, Hungarian for "value added tax".

(2) Armed Forces Act of 2006 or 2016.

**AFA 2006**

Armed Forces Act 2006.

**AFBD**

Association of Futures Brokers and Dealers.

**AFC**

(1) **Advance Fixing Certificate**

(2) Automatic frequency control

**AFDC**

Aid to Families with Dependent Children, a US welfare system.

**Affärsvariden General Index (AFGX)**

Index of security prices on the Stockholm Stock Exchange.

**aff'd**

Affirmed, American legal abbreviation.

**affected class**

In human resources, a group of employees, former employees or potential employees who are unfairly discriminated against because of the policies or practices of the employer.

**affected with a public interest**

American term for a description of business activity for which regulation is considered appropriate.

<b>affective commitment</b>	In human resources, when an employee stays with an organisation because he or she shares its values and objectives.
<b>affective computing</b>	Technology which uses sensors to provide input data from which a computer detects moods and emotions.
<b>affective events theory</b>	In human resources, a psychological model that seeks to explain the connection between emotions and other feelings in the workplace, and link them to job performance.
<b>affective forecasting</b>	Predicting the effect on emotion or morale from a possible outcome.
<b>affeer</b>	Old term meaning to reduce a sum to a fixed amount.
<b>affiance</b>	<b>Betrothal</b> or trust, as between an engaged couple.
<b>affiant</b>	American term for a person who subscribes to a statement in an <b>affidavit</b> .
<b>affidavit</b>	Statement which is written, signed and sworn of facts which the <b>deponent</b> is generally able to prove from his own knowledge. An affidavit accordingly carries more weight than a simple statement.
<b>affiliate</b>	<p>For auditing, "an entity that has any of the following relationships with the audited entity:</p> <ul style="list-style-type: none"><li>(a) an entity that has direct or indirect control over the audited entry if the audited entity is material, quantitatively or qualitatively, to such entity;</li><li>(b) an entity with a direct financial interest in the audited entity if that entity has significant influence over the audited entity and the interest in the audited entity is material, quantitatively or qualitatively, to such entity;</li><li>(c) an entity over which the audited entity has direct or indirect control;</li><li>(d) an entity in which the audited entity, or an affiliated of the audited entity under (c) above, has a direct or indirect financial interest that gives it significant influence over such an entity and the interest is material, quantitatively or qualitatively, to such entity;</li><li>(e) an entity which is under common control with the audited entity client (a "sister entity") if the sister entity and the audited entity that controls are both material, quantitatively or qualitatively, to the entity that controls both the audited entity and the sister entity."<p>(FRC Auditing Standards and Guidance glossary).</p><p>The text continues by identifying factors that may be relevant.</p></li></ul>
<b>affiliated companies</b>	"General term used to describe the relationship between two or more companies linked by a common interest" (OECD glossary of tax terms).
<b>affiliated corporation</b>	American term for a corporation in a group of corporations under common ownership.
<b>affiliate program</b>	A sales model in which a web publisher markets a product on their website. The producer of the product pays commission to the publisher, usually at

around 1% to 2%.

- affiliation order** Old court order identifying a man as the father of a child. This procedure was abolished by Family Law Reform Act 1967.
- affiliation privilege** In international tax, a term for the tax relief or exemption for dividends paid by a company to its parent company.  
“Tax relief or exemption accorded to dividend distributions made by a resident subsidiary company to its parent company which owns a certain minimum percentage of shares, in order to mitigate double taxation of such dividends” (OECD glossary of tax terms).
- affiliation proceedings** Old court action to establish who is liable as father of a child.
- affine** Old word which means a relation by marriage, such as a father-in-law.
- affinity** Relationship by marriage, as against **kindred** or **consanguinity** which is relationship by **blood**.
- affinity card** Credit card or similar that is branded with the name of a charity or other organisation that usually receives a small commission on the card's use. The VAT position for affinity cards provided by a charity are explained in VAT notice 701/1.  
Commission from the card does not usually create a tax liability provided the commission is channelled through a trading subsidiary that donates its income to the charity.
- affinity fraud** Fraud perpetrated by a trusted member of a community on other members. One of the worst examples was Bernie Madoff (1938- ) who cheated other members of the Jewish community in a Ponzi fraud.
- affirm** (1) In law, to elect to accept a voidable contract or to uphold a decision made elsewhere.  
(2) Formality for giving evidence as an alternative to a religious oath.  
(3) In sociology, the process of encouragement and valuing people.
- affirmation** An indication of agreement with a state or account. In law, this “include[s] affirmation and declaration” (Interpretation Act 1978 Sch 1).
- affirmation of allegiance** Declaration of loyalty faithfully to support the British monarch. This is required by overseas workers who wish to work in the UK.
- affirmative action** Policies of making particular efforts to promote certain categories of people who are seen as disadvantaged, such as women, ethnic minorities, or the disabled.  
This term is particularly used in the USA though the US case *Bakke v Regents of the University of California [1978]* set limits on the extent to which it may be used. In 1981, President Reagan expressed his dislike for the policy, though it remains constitutional.



In the UK, the term **positive discrimination** is preferred. This can be legal in carefully defined circumstances, though it can be resented in practice.

<b>affirmative action clauses</b>	Clauses in a contract that require positive discrimination by the contracting party. Some US government contracts have such clauses.
<b>affirmative action plan</b>	Written set of specific procedures for positive discrimination. Some US government contracts require such a plan.
<b>affirmative defense</b>	American term for when a defendant goes beyond merely denying a charge and introduces evidence.
<b>affirmative easement</b>	American term for a right of property which gives a person certain rights, such as a right of way or right of access.
<b>affirmative interjection</b>	In counselling, comments such as "yes" and "I see" used in <b>active listening</b> .
<b>affirmative pregnant</b>	Allegation in pleading implying or not denying a negative statement.
<b>affirmative relief</b>	American term for a legal procedure which allows a defendant to bring an action against the plaintiff separately from the original action.
<b>affirmative resolution</b>	Procedure for passing delegated legislation, mainly Statutory Instruments. The resolution is either affirmative, which means that Parliament must agree it within a time limit, or negative, which means it automatically becomes law unless Parliament rejects it within a time limit.
<b>affix</b>	Add by fixing, such as applying a fixture to a building or a page to a document.
<b>affluence</b>	State of prosperity and comfort.
<b>affluent society</b>	General term used from the 1960s onwards to mean a society whose members can afford to buy what they wish and are not constrained by poverty, wartime regulation or restricted supply.
<b>Affluent Worker studies</b>	Name given to studies conducted in the 1960s at Vauxhall Cars, La Porte Chemicals and Skefco Engineering. In general, the workers thought well of their employers in terms of being paid fairly, but there was little job satisfaction.
<b>affluenza</b>	Colloquialism for excess materialism seen as a disease, such as when a person unreasonably borrows or overworks for the pleasure of buying unneeded goods.
<b>afforce</b>	Strengthen, particularly a jury by adding experienced people.
<b>afford</b>	Yield, give, or bear the expense.

<b>affordable</b>	Description of something which a person has sufficient resources to acquire while leaving enough resources for other purposes.
<b>affordable borrowing limit</b>	The amount a local authority determines that it can afford to borrow (Local Government Act 2003 s3).
<b>affordable housing</b>	Housing where special arrangements are made by a local authority to reduce its price or rent so that needy people can afford to live in the area.
<b>affreightment</b>	Contract made either by <b>charterparty</b> or by a <b>bill of lading</b> by which a shipowner agrees to carry goods in his ship for reward.
<b>affreightment contract</b>	Another name for <b>affreightment</b> .
<b>afghani</b>	Currency of Afghanistan. For VAT, gold coins may be <b>investment gold coins</b> .
<b>Afghanistan</b>	Eastern country. Curreny is <b>afghani</b> . The UK has no tax treaty.
<b>AFGX</b>	<b>Affarsvarlden Index</b> , the stock market index for the Stockholm Exchange.
<b>AFIP</b>	Air Forces Independence Payments.
<b>aflatoxin</b>	Carcinogenic substance. From 1 January 2010, EU Commission Regulation 1152/2009 imposes special provisions on the importation of nuts, figs, dried fruit and products of these items where there is a risk of contamination by aflatoxins.
<b>afloat</b>	Description of goods which are on board ship to a specific <b>destination</b> .
<b>afloats</b>	<b>Commodities</b> loaded on to a ship for delivery.
<b>AFN</b>	(1) <b>All-figure numbering</b> . (2) <b>ISO code</b> for Afghanistan afghani.
<b>à fond</b>	French: fundamentally, thoroughly.
<b>aforethought</b>	Descriptive term used solely to qualify <b>malice</b> to mean the deliberate contemplation of evil. It therefore means more than just premeditated.
<b>a fortiari</b>	Latin: with stronger reason.
<b>AFPC</b>	<b>Advanced Financial Planning Certificate</b>
<b>AFPRB</b>	Armed Forces' Pay Review Body.
<b>AFPS</b>	Armed Forces Pension Scheme.
<b>AFR</b>	Advisory fuel rate.

**African Caribbean and Pacific States (ACP)**

Collective term for a large number of independent states which are treated similarly for the purposes of trade preferences. A complete list of the states included in the ACP group can be found in Volume 1 of the Tariff.

**African Development Bank**

Bank set up in 1964 to promote economic and social development in Africa. It is exempt from tax under SI 1997 No 168.

**AFRS**

**Agricultural flat rate scheme.**

**AFS**

**Available for sale.**

**after acquired**

American description of property which is acquired after the start of a procedure, particularly insolvency procedures.

**after-acquired evidence**

Evidence that has become available too late. The term is particularly used in the human resources context of evidence discovered by an employer after an employee has been dismissed. Although it cannot be used to justify the dismissal, it may mitigate any penalty for wrongful or unfair dismissal.

**aftcast**

To work out what *has* happened. It is the opposite to **forecast**.

**after-clap**

Catastrophe which happens after a misfortune is believed to be over. The term comes from thunder where a final clap may be heard after the storm has ceased as sound travels much more slowly than light.

**after date**

Words added to a bill of exchange to indicate when the bill is payable, such as "30 days after date, we promise to pay."

**after-guard**

Drudge or a person who works in a mean capacity. The term comes from the navy where it refers to men on the quarter deck or poop deck who work the after-sails.

**after hours**

Trading on a financial market after its official close. This is similar to the **grey market**.

**after-hours trading**

Transactions on a market after it has officially closed. These transactions are regarded as **early bargains** on the next trading day.

**after market**

Another name for a **secondary market**. This is a market which sells *existing* shares and other securities, rather than just new ones. The London Stock Exchange and most stock exchanges are secondary markets.

**after sight**

Words added to a bill of exchange to indicate that the period for payment is any time after the drawee is presented with it for acceptance.

**after-tax basis**

Description of a calculation where figures used are after tax has been deducted.

<b>after the fact</b>	Description of activity which involves itself in a criminal activity which has already happened.
<b>after union</b>	Description of coins issued during the reign of Queen Anne after the union of England and Scotland. Such silver coins have an E below the bust of the monarch.
<b>AG</b>	Abbreviation of <b>Aktiengesellschaft</b> , German equivalent of a public limited company.
<b>A-G</b>	<b>Attorney-General.</b>
<b>Ag</b>	Atomic symbol for silver.
<b>Aga cooker</b>	In a VAT case, it was held that such a cooker was not designed to heat space, though this was an incidental effect. Accordingly, the cooker was not zero-rated as material for a new construction as permitted by VATA Sch 8 Group 5 Note 22(c). It was standard-rated as a domestic appliance ( <i>R Cusdin [2005] VTD 19739</i> ).
<b>against actuals</b>	In commodity trading, description of transactions in futures contracts which are offset against transactions in the cash market.
<b>against public policy</b>	Common law concept which makes certain activities unlawful, such as preventing people from marrying.
<b>against the box</b>	Description of a situation where a dealer who has a <b>long position</b> in a security makes a <b>short sale</b> in the same security.
<b>against the evidence</b>	American legal procedure whereby a trial judge may order a retrial where a jury decision is contrary to substantial credible evidence presented.
<b>AGB</b>	Any good brand. The term is occasionally used in trading to indicate that any good brand of a product is acceptable to the buyer.
<b>AGC</b>	<b>Adult gaming centre.</b>
<b>AGCAS</b>	Association of Graduate Careers Advisory Services.
<b>agcy</b>	Abbreviation: agency.
<b>age</b>	Time which has passed since a person was born or something was created. Sometimes this is referred to as <b>chronological age</b> to distinguish it from other meanings. A person's age starts from the beginning of the anniversary of birth. So someone born at 10am on 1 January 2000, celebrates their 18th birthday at 0:00am of 1 January 2018. The law does not recognise parts of a day. The term age is sometimes multiplied by a factor to give an answer which measures an equivalent to chronological age. For example, reading age

and mental age multiply the chronological age by a factor to say that an individual has the relevant ability of an average person of that chronological age.

**age 18-25 trust**

Type of trust for beneficiaries who are under 25 and where at least one parent has died (Inheritance Tax Act 1984 s71D). Its operation is similar to the **accumulation and maintenance trust (AMT)** which it replaced on 22 March 2006.

Finance Act 2006 Sch 20 severely restricted the scope of existing AMTs, making many of them **discretionary trusts** which have a less advantageous tax regime. Transitional provisions allow an existing AMT which meets the new conditions to become an age 18-25 trust provided no change is made and the change was made by 5 April 2008.

The maximum **exit charge** for an 18-25 trust is 4.2%. This represents the maximum seven-year period equivalent of the maximum 6% charge that applies for a ten-year period.

For these purposes a change is made when the **class of beneficiaries** changes, not when there is a change within the class. So an 18-25 trust for the benefit of grandchildren has a change if the scope is amended to include grandchildren's partners. There is no change if the class remains the same but another grandchild is born.

**age admitted**

Term used for life assurance. It indicates that the assured person has provided evidence of his or her age.

**age allowance**

Additional tax allowance for older taxpayers.

From 1990, there is an additional relief for taxpayers born before 6 April 1935. This increases if the taxpayer was (from 6 April 2013) born before 6 April 1938 (previously if the taxpayer was 75 during the year). The allowance is also increased if the taxpayer is married. The allowance is restricted by half of the excess above an upper earnings figure, though it cannot reduce below zero.

These allowances have been frozen in monetary terms from 2013.

**age-appropriate design**

In relation to data processing, "means the design of services so that they are appropriate for use by, and meet the development needs of, children" (Data Protection Act 2018 s123(7)).

**age-appropriate design code**

Code of practice produced by the Information Commissioner under Data Protection Act 2018 s123.

**age-bracket**

Band of ages into which people are classified, for such purposes as marketing.

**aged debt analysis**

Analysis of one's debtors according to the age of the debt. The older the debt, the less likely it is that it will become paid.

Typically the analysis is for current month, one month, two months, three months, and more than three months. The **credit control** action depends on the age of the debt.

In companies where customers enjoy significantly different **settlement**

**terms**, it is more helpful to age the debts according to how far they have exceeded their terms.

**age discrimination**

Discriminating against a person because of their age. It is generally unlawful from 1 October 2006.

In the USA, age discrimination law was enacted in 1967 and amended in 1978 to protect employees up to the age of 70.

**age exemption**

Additional allowance for older taxpayers which applied before 1973 when it was replaced by **age allowance**.

**age fraud**

Deliberate misrepresentation of a person's age to secure a financial advantage.

**ageing report**

Another name for an **ageing schedule**.

**ageing schedule**

Breakdown of debtors according to when they should have been paid. It is also known as an **aged debt analysis**.

**ageism**

Another term for **age discrimination**.

**agency**

When a person is allowed to act on behalf of someone else. An employee is an agent of the employer.

In a VAT case, it was defined as "the relationship that exists between two persons, one of whom expressly or impliedly consents that the other should represent him or act on his behalf and the other of whom similarly consents to represent the former or so to act" (*C & E Commrs v E Johnson. QB [1980] STD 624*).

From 1 June 1995, where an agent who acts in his or her name in relation to a supply of goods, the agent is regarded as the supplier or recipient of the goods for VAT purposes (*Finance Act 1995 s23*).

For international tax, "a business that provides a particular service to a company (that are [sic] outside of the country where the agency is located). Dependent agency constitutes a permanent establishment for the other company and the income achieved through the agency is taxed on the income earned from the country where the agency is located whereas independent agency does not" (OECD glossary of tax terms).

**agency agreement**

Agreement which creates an agency, particularly between a customer and a bank which allows the customer to cash cheques at another branch.

**agency bank**

Bank which does not accept deposits but acts as an agent for another bank, usually a foreign bank.

**agency bill**

Bill of exchange drawn on the local branch of a foreign bank.

**agency broker**

A dealer who works as agent for an investor, usually in return for receiving a commission from the businesses in which he invests.

<b>agency contract</b>	“A contract made between the worker and the agency under the terms of which the worker is obliged to personally provide services to the client” (Income Tax (Earnings And Pensions) Act 2003 s47(1)).
<b>agency cross</b>	Agency which matches customers directly rather than through a market.
<b>agency fee</b>	Annual fee payable to an agent, particularly in respect of a loan which the agent has negotiated.
<b>agency fees</b>	In relation to the remittance basis, this term is given a specific meaning for foreign income and gains, for which purpose it is defined in Income Tax Act 2007 s809Z8(6).
<b>Agency for International Development</b>	Body established in 1961 to provide aid to other countries. It is the main agency for such aid from US government.
<b>agency labour</b>	Workforce provided by an employment agency or similar body. Such workers are often known as <b>temps</b> . A supply over a long period is known as <b>insourcing</b> .
<b>agency law</b>	<p>Law which regulates the conduct of <b>agents</b>, those who act on someone else's behalf, known as the <b>principal</b>.</p> <p>The main elements of agency law are:</p> <ul style="list-style-type: none"><li>• the agent binds his principal;</li><li>• someone who purports to act as agent without authority is regarded as the principal and becomes personally liable;</li><li>• the agent may only act within such authority as granted by the principal;</li><li>• the agent must perform those duties himself (except that incidental duties, such as typing, may be delegated);</li><li>• the agent may not make a secret profit.</li></ul> <p>Once an agent has performed the duties of the agency, the principal resumes his position and may sue or be sued on whatever has been concluded by the agent.</p> <p>The main types of agency are <b>universal agents</b> who may act for the principal in all matters, <b>general agents</b> who may act for particular types of transaction, and <b>special agents</b> who may act only for a specific transaction.</p> <p>In some cases, a person may act as <b>agent of necessity</b> without explicit instructions from the principal.</p>
<b>agency loan</b>	Loan available for local authorities, particularly from the European Investment Bank.
<b>agency problem</b>	Situation where there are different interests between the owners and the managers of a business. Where this is detected, greater supervision is usually required of the managers. The term was first identified by Michael Jensen and William Heckling in 1976. This problem was one of the factors which contributed to the spectacular collapse of <b>Enron</b> .

<b>agency securities</b>	In the USA, securities issued by federal government agencies.
<b>agency shop</b>	Workplace where a trade union represents all the workers, even those who do not belong to the union.
<b>agency theory</b>	A theoretical model, developed by academics, to explain how the relationship between a principal and an agent may have economic consequences.
<b>agency worker</b>	<p><b>Definition</b></p> <p>Someone who is supplied by an <b>employment agency</b> to work for a business without becoming an employee of that business.</p> <p><b>PAYE rules</b></p> <p>“A worker whose services are treated by [Income Tax (Earnings And Pensions) Act 2003 s44] as the duties of an employment held with the agency” (PAYE regulations SI 2003 No 2682 reg 2(1)).</p> <p>The operation of the PAYE system is given in reg 10.</p> <p>An agency is obliged to provide details of such workers to HMRC under Taxes Management Act 1970 s16A.</p> <p><b>Law</b></p> <p>From 27 October 2008, an agency worker is entitled to statutory sick pay after three months' service with one employer, the agency's customer.</p> <p>From 1 October 2011, an agency worker acquires many rights of an employee after 12 weeks.</p>
<b>agency workers' remuneration</b>	In relation to expenses for research and development, this term is defined in Corporation Tax Act 2009 s1129.
<b>agenda</b>	<p>List of items to be done or discussed, such as at a meeting.</p> <p>In Latin the word is the plural of “agendum”, but in English it is treated as a singular noun, with the plural “agendas”.</p>
<b>agenda item</b>	Item which appears on an <b>agenda</b> .
<b>agent</b>	<p><b>Law</b></p> <p>Someone who acts on behalf of another (the principal) in accordance with <b>agency law</b>.</p> <p>A general agent may act for the principal for all his business. A special agent is authorised to act only for specified purposes.</p> <p>The main elements of agency law are that:</p> <ul style="list-style-type: none"><li>• the agent can bind the principal</li><li>• the agent must act personally and cannot delegate to another agent (other than for incidental matters such as typing documents)</li><li>• the agent must not make a secret profit.</li></ul> <p>Sometimes an agent for the sale of goods may agree to protect the principal against the risk of customer insolvency. Such an agent is called a <b>del credere agent</b>.</p>



### **Value added tax**

For VAT, the term usually means someone who acts for someone in another country. The requirement for such an agent to register is set out in Value Added Tax Act 1994 s47.

Where an agent acts in his or her own name in relation to the supply of goods, the agent is regarded as the supplier or recipient of the goods for VAT purposes under Finance Act 1995 s23.

There have been many VAT cases on whether someone is acting as agency or principal, the significance being that an agent charges VAT only on the commission rather than on the whole supply. One leading case is *C & E Commrs v Music & Video Exchange Ltd. QB [1992] STC 220*. The supplier made clear that he was acting as agent in the sale of second-hand musical instruments.

### **Accounting standards**

"An entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. One feature indicating that an entity is acting as an agent is that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer" ((FRS 102 glossary).

**agent account manager (AAM)** Person employed by HMRC to deal with **tax agents**.

**agent authorisation** In tax, the process by which an agent is authorised to deal with HMRC in respect of another person's tax affairs. This is most easily addressed by completing a form using the online service, or completing form 64-8.

**agent bank** A bank which uses a **credit card** system set up by another bank.

**agent de change** French stockbroker or security house.

**Agent Dedicated Line** Telephone number provided by HMRC which is restricted to agents who deal with clients' tax affairs.

**agentive state** In psychology, when a person relinquishes his personal views to act as an agent for someone else's views.

**agent ID** In computing, an identification number (ID) allocated to an agent when they first register for online services.

The agent supplies the details for half of the ID, the second part is generated by the **Government Gateway**. Clients use the Agent ID to appoint Agents to transact on their behalf.

**agent identity** Name or identity under which a **tax agent** operates.

**agent of necessity** Person who pledges the credit of a principal out of simple necessity, such as when a ship's captain sells cargo to buy fuel.

<b>agent strategy</b>	<p>Strategy of HMRC in dealing with <b>tax agents</b>.</p> <p>The proposed strategy was set out in a consultation document in May 2011. It deals with such areas as secure enrolment of agents, easier access between HMRC and agents, tailoring HMRC support for agents, and provisions relating to below-standard and dishonest agents.</p>
<b>agent view</b>	<p>Term for proposed arrangement between HMRC and <b>tax agents</b>.</p> <p>The proposal is set out in a consultation document of May 2011. This would allow the agent to describe his or her clients to allow a picture of the agent's work to emerge for more effective communication with HMRC.</p>
<b>age of consent</b>	<p>Age when a person may agree to something, particularly to marry or have sexual relations. In the UK, the age is 16 (though with parents' permission for marriage under 18).</p>
<b>age of criminal responsibility</b>	<p>Age at which a person can be found guilty of a crime. Under Children and Young Person's Act 1933 s50, this is generally ten years old, though there are exceptions. In Scotland, the age is eight years. Other countries have ages ranging from 7 to 18.</p> <p>"It shall be conclusively presumed that no child under the age of ten years can be guilty of any offence" (Children and Young Persons Act 1933 s50).</p> <p>It was the law that between the ages of 10 and 14, that a person in England and Wales was only responsible to the extent that the person knew what they were doing was wrong. This was abolished by Crime and Disorder Act 1998 s34.</p>
<b>age of majority</b>	<p>Age at which a person may vote. Since 1970 this has been 18 in the UK.</p>
<b>age-related</b>	<p>Condition which is related to a person's age, such as rebates for national insurance in contracted out pensions.</p>
<b>age-related payment</b>	<p>Single payment made only in 2004 to people aged over 65 to assist them with payment of their rates (Age-Related Payments Act 2004).</p>
<b>age-related rebate</b>	<p>The <b>minimum contribution</b> as determined according to the member's age.</p> <p>This is the amount of class 1 national insurance that HMRC refunds to an <b>approved personal pension scheme</b>. The requirement is set out in Pension Schemes Act 1993 from s45A.</p> <p>These arrangements were discontinued in 2012 when it was no longer possible to contract-out under a money purchase pension scheme.</p>
<b>age relief</b>	<p>Another term for <b>age allowance</b> for income tax.</p>
<b>age verification regulator</b>	<p>Person appointed by the government to ensure compliance with the laws relating to access to pornography by people under 18. Provisions are given in Digital Economy Act 2017 s16.</p>
<b>agflation</b>	<p>Colloquialism for inflation of agricultural products.</p>

<b>AGFS</b>	Advocates Graduated Fee Scheme.
<b>agglomeration</b>	Forming together. The term originally applied to the process of volcanic rock forming a single mass from fragmented pieces. The term is sometimes used metaphorically in finance.
<b>aggradation</b>	Building up by construction on the remains of previous building.
<b>aggravate</b>	Make worse. In law, certain offences are aggravated if specific factors are present, such as violence which is racially motivated, or burglary with a firearm.
<b>aggravated damages</b>	Additional damages awarded to reflect the humiliation, distress or embarrassment caused by a defendant's conduct.
<b>aggravated vehicle-taking</b>	Official name given to <b>joy-riding</b> since 1992. It involves taking a motor vehicle without the owner's permission and driving it in a dangerous manner which causes an accident.
<b>aggravating circumstances</b>	American term for circumstances which magnify the seriousness of a crime.
<b>aggregate</b>	(1) Total of separate items. For example, incomes may be aggregated for income tax purpose, or to see if class 1 national insurance should be deferred. (2) Rock, stones and similar on which <b>aggregates levy</b> is payable.
<b>aggregate chargeable transfer</b>	Figure used to calculate inheritance tax. It is the total of: <ul style="list-style-type: none"><li>• the deceased's estate</li><li>• any <b>interest in possession trust</b> where the deceased had a beneficial interest</li><li>• <b>gifts with reservation</b></li><li>• deceased's share of any <b>joint property</b></li><li>• <b>chargeable transfers</b> made in the seven years before death</li><li>• value of any <b>alternatively secured pension</b> to which the deceased was entitled to benefit as the original scheme member.</li></ul> This figure is also used for the <b>ten-yearly charge</b> for inheritance tax payable by some trusts. The figure is broadly the total amount of property transferred plus the <b>special cumulation</b> .
<b>aggregate demand</b>	Total level of demand in the economy. It is the total of all desired expenditure at any time by all groups in the economy. The main groups who spend are consumers (consumption), firms (who spend on investment), government (government expenditure) and overseas (exports). Total aggregate demand is therefore: $AD = C + I + G + (X - M)$ , where C = consumption expenditure I = investment expenditure G = government expenditure (X - M) = net exports (exports - imports)

**aggregate demand curve** Curve on a graph which shows the level of aggregate demand at every price level. It will always be downward sloping as there will be less demand at higher price levels. This is for similar reasons to a demand curve for a single product sloping downwards.

**aggregate depreciation** Same as **accumulated depreciation**.

**aggregate earnings for a year from all the employments concerned**  
Defined in Income Tax (Earnings And Pensions) Act 2003 s24(3) as all the **chargeable overseas earnings** from all employments.

**aggregate risk** The total risk incurred by a bank in lending to its customers.

**aggregates levy** A tax on the commercial exploitation in the UK of rock, sand and gravel, including the spoil, waste and by-products from certain industrial processes.  
It was introduced by Finance Act 2001 with effect from 1 April 2002. Its purpose was to discourage the extraction of new rock and minerals in preference to recycling material such as from demolition of buildings.  
The amount is charged at a rate per tonne extracted:

From	Rate per tonne
<b>1 April 2009</b>	£2.00
<b>1 April 2008</b>	£1.95
<b>1 April 2002</b>	£1.60

~

The law is contained in Finance Act 2001 ss16-49 as amended and supplemented.

**aggregate supply** The total actual volume of goods and services currently available within a defined market in a given period.  
There is some dispute between Keynesians and Monetarists about what determines the level of aggregate supply. Keynesians argued that supply was determined by the level of aggregate demand, while classical economists followed Say's Law which argued that aggregate supply was determined by supply-side factors.

**aggregate supply curve** The aggregate supply curve shows the amount that will be supplied by the firms in the economy at each price level.  
There is a much debate about the exact shape of the curve. Many classical economists and Monetarists argue that the shape differs between the short-run and long-run.  
In the short-run there may some increase in output if demand increases, but in the long-run any increases in demand will be inflationary.  
However, Keynesians do not distinguish between the short-run and long-run.

**aggregate value of a person's defaults**  
Term used in Value Added Tax 1994 s59A(6) in terms of calculating a VAT

**default surcharge** in relation to payments on account.

**aggregation**

**Accountancy**

Process of bringing together figures or activities to produce a total.

The requirement to aggregate similar items in the accounts is given in FRS 102 section 3.16.

**Taxation**

Process of adding figures to determine the tax payable. Income is generally aggregated for income tax but not for national insurance, for example.

“Term used to denote the adding together of the taxpayer’s income from all sources in order to determine the applicable tax rate for income tax purposes” (OECD glossary of tax terms).

**Economics**

In economics, the term is used for preparing statistics when figures such as productivity are aggregated to give a national aggregate.

**Value added tax**

In **value added tax** when HMRC directs that two businesses should be regarded as one, often when a business has been artificially split to avoid reaching the registration threshold.

**Life assurance relief**

For life assurance relief, there are aggregation provisions in Income and Corporation Taxes Act 1988 s274(2).

**aggregation of payments**

For PAYE, provision that requires payments to be added together to determine the amount of tax payable when two or more payments are made in the same payment period when tax is calculated on a **non-cumulative basis** (PAYE Regulations SI 2003 No 2682 reg 29).

**aggregative index**

An index which is formed by aggregating various items. Examples include **Laspeyres’ Index** and **Paasche’s Index**.

**aggregative model**

An econometric model where the variables have been constructed from other variables.

**aggregator**

Business which offers the services of **account aggregation**.

**aggressive accounting**

Accounting where the figures are manipulated to achieve a desired result. The figures are usually produced within the letter of accounting rules.

**aggressive tax avoidance**

Informal term for **artificial tax avoidance** that defies HMRC interpretation of tax law. Such avoidance is likely to be challenged by HMRC. Even if the challenge is unsuccessful, it is likely that an artificial scheme will be legislated against in anti-avoidance provisions.

<b>aggrieved party</b>	American term for a person who has suffered a loss as a result of a decree or court decision.
<b>AGI</b>	<b>Adjusted gross income.</b> Term used in USA in calculating tax.
<b>agile organisation</b>	Human resources term for a body which is able quickly to adjust to changing circumstances, such as new laws.
<b>aging</b>	American spelling of <b>ageing</b> .
<b>agio</b>	This term, now rarely used, refers to a difference between two charges or a charge made for conversion. In particular it means either the <b>turn</b> , the difference in rates charged by a bank in lending and borrowing, or a charge made for converting money from one currency to another.
<b>agio theory</b>	Another name for <b>abstinence theory</b> .
<b>agist</b>	Take in (an animal) to allow it to graze on land for payment.
<b>agister</b>	Person who looks after cattle or horses on his own land for payment.
<b>agistment</b>	Looking after cattle or horses on one's own land for payment.
<b>AGL</b>	Prefix for HMRC's tax manual on aggregates levy.
<b>AGM</b>	<b>Annual general meeting.</b>
<b>agname</b>	Name of a person beyond their ordinary Christian name and surname.
<b>agnate</b>	Related on the father's side.
<b>agnomen</b>	Name added to a family name.
<b>agora</b>	One hundredth of a shekel, currency of Israel.
<b>AGR</b>	Association of Graduate Recruiters.
<b>à grand frais</b>	French: at great expense.
<b>agrarian</b>	Relating to land and its management.
<b>agreed bid</b>	<b>Takeover bid</b> that is supported by a majority of shareholders of the target company, as against a <b>hostile bid</b> .
<b>agreed price</b>	Price accepted by both seller and buyer in a prospective contract.
<b>agreed-upon procedures engagement</b>	For auditing, "an engagement in which an auditor is engaged to carry out

those procedures of an audit nature to which the auditor and the entity and any appropriate third party have agreed and to report on factual findings. The recipients of the report form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures may misinterpret the results.”

(FRC Auditing Standards and Guidance glossary).

**agreed-value policy**

Insurance policy where the sum payable is stated in the policy agreement.

**agreement**

Concurrence of two people with regard to a fact or position.

In law, agreement is one of the elements for a valid **contract**. The term can also be used to mean a binding settlement of any issue between them.

Tax disputes may be settled by agreement with HMRC under Taxes Management Act 1970 s54.

**agreement corporation**

In USA, a corporation that enters into an agreement with a state authority to engage in specific acts. Such corporations are common in USA. See also **Edge Act Corporation**.

**agreement for a lease**

Contract to lease property, for which there are some special legal provisions.

Since 27 September 1998, a contract for a lease of up to three years may be made orally or in any written form. A contract for a longer period must be formally in writing, failing which the contract is void and cannot be evidenced by part performance.

For stamp duty land tax, a contract for the grant of a lease (Finance Act 2003 Sch 17A paras 12A-12B).

**agreement for carriage**

For air passenger duty, “in relation to the carriage of any person, means the agreement or arrangement under which he is carried, whether the carriage is by a single carrier or successive carriers” (Finance Act 1994 s43(1)).

**agrestic**

Of the fields, rural, unsophisticated.

**agribusiness**

Operation of the whole farm process, from provision of land and equipment, to producing the goods, and delivery and sales.

**agricultural activity**

For accounting standards, “the management by an entity of the biological transformation of biological assets for sale, into agricultural produce or into additional biological assets” (FRS 102 glossary).

In international standards, “the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets “ (IAS para 41 para 5).

**Agricultural Bank**

Credit bank formed specifically to assist agriculture. Many such banks have been formed round the world, particularly the Agricultural Bank of China founded in 1949 and now the second largest bank in China.

**agricultural board and lodging**

Board and lodging provided to a farmworker in respect of their work.

This is generally not taxed as a benefit in kind.

Before 1 April 2010, tax relief was given by extra-statutory concession A60.

Guidance is provided in the Inspector's Manual at EIM 50011 and EIM 68502.

**agricultural buildings allowance (ABA)**

Capital allowance available for agricultural property (Capital Allowances Act 2001 s361). It is phased out by 6 April 2011.

The law was Capital Allowances Act 2001 from s361. It was repealed by Finance Act 2008 s84(1).

**agricultural component**

Customs charge applicable to imposed goods processed from certain basic agricultural products.

**agricultural co-operative**

Organisation established by farmers, market gardeners and fisherman for some common purpose, such as storage, selling or bulk-buying.

There are special tax provisions in Corporation Tax Act 2009 from s499. In particular distributions are not taxed as dividends.

They are usually treated as mutual trading as is discussed in the Inspectors' Manual at BIM24705.

**agricultural dwelling-house advisory committee (ADHAC)**

Local authority committee which advises on the agricultural need for tied cottages.

**agricultural engine**

"Means a vehicle which —

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

(b) is designed, and used, solely for purposes relating to agriculture, horticulture or forestry,

(c) is used on public roads only for proceedings to and from the place where it is to be or has been used for those purposes, and

(d) when so proceedings does not carry any load except such as is necessary for its propulsion or for the operation of any machinery built-in or permanently attached to the vehicle"

(Hydrocarbon Oil Duties Act 1979 Sch 1 para 4).

**agricultural estate**

Estate largely comprising agricultural property. Such an estate may attract **agricultural property relief** from inheritance tax.

A legal definition is: "Land:

(a) which is managed as one estate, and

(b) which consists of or includes land occupied wholly or mainly for the purposes of husbandry"

(Income Tax Act 2007 s123(4)). This definition is used in terms of claiming loss relief for tax from farming.



**Agricultural Flat Rate Scheme (AFRS)**

An alternative to VAT registration for farmers and other traders involved in agricultural activities.

Those on the scheme do not account for VAT or submit returns and consequently cannot reclaim input tax. However, they can charge a flat rate addition to the sale price of qualifying goods or goods and services sold to VAT registered customers even where these sales would be zero-rated for VAT.

**agricultural goods**

An additional amount of import duty may be imposed on such goods under Taxation (Cross-border Trade) Act 2018 s14.

**agricultural holding**

“The aggregate of the land (whether agricultural or not) comprised in a contract of tenancy which is a contract for an **agricultural tenancy**” (Agricultural Holdings Act 1986 s1(1)).

The inheritance tax implications are discussed in the Inspectors' Manual at IHTM 24220.

**agricultural land**

Land used for **agriculture**, as set out in Agricultural Holdings Act s1(4).

It includes arable meadows, pasture, cottage gardens, orchards, allotments, livestock buildings and bee-keeping buildings. It excludes parks, racecourses and pleasure grounds.

Such land and its buildings may qualify for agricultural property relief from inheritance tax.

Agricultural land that is taken out of production may still qualify as Inheritance Tax Act 1984 s117 does not require land to be used productively continuously or at any particular time. The requirement is broadly that the land is intended for future agricultural use. So fallow land or rotational land may qualify.

The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 from s249.

**agricultural land tribunal**

Tribunal which deals with disputes concerning agricultural holdings.

**agricultural levy**

Charge made on agricultural produce under provisions of European Communities Act 1972 s6. This definition is also used for Customs duties purposes (Customs and Excise Management Act 1979 s68A(4)).

**agricultural material handler**

“Means a vehicle which is —  
(a) designed and constructed primarily for use otherwise than on roads,  
(b) designed to lift goods or burden, and  
(c) not used on public roads other than for —  
(i) purposes relating to agriculture, horticulture and forestry,  
(ii) cutting verges bordering public roads,  
(iii) cutting hedges or trees bordering public roads, or bordering verges which border public roads,  
(iv) spreading material on roads to deal with frost, ice or snow,  
(v) proceeding to and from the place where the tractor is to be used or has been used for the purposes in sub-paragraph (iv), or  
(vi) collecting or returning equipment or material needed for the

purpose of sub-paragraph (iv).  
(Hydrocarbon Oil Duties Act 1979 Sch 1 para 3A).

**Agricultural Mortgage Corporation (AMC)**

Finance corporation originally established under Agricultural Credits Acts of 1928 and 1932 (amended in 1956) to provide long-term finance for agriculture in England and Wales.

It is now a public limited company based in Andover, Kent which provides long-term finance to farmers.

**agricultural processing vehicle** “Means a vehicle which —  
(a) is used for the conveyance of built-in processing machinery,  
(b) is used on public roads only for proceeding to and from the place where that processing is to be used, and  
(c) when so proceeding does not carry any load except such as is necessary for its propulsion or for the operation of the processing machinery”  
(Hydrocarbon Oil Duties Act 1979 Sch 1 para 4A(2)).

**agricultural produce** For accounting standards, “the harvested product of the entity’s biological assets” (FRS 102 glossary). An identical definition appears in International Accounting Standard IAS 41 para 5.

**agricultural products** There are special tax provisions for marketing authorities and similar bodies that supply such products in Corporation Tax Act 2009 from s153.

**agricultural property** Property used for farming. It comprises land used for growing crops or intensive rearing of animals for food consumption. It includes farm buildings, farmhouses and farm cottages.

The grant of a tenancy of agricultural property in the UK, Channel Islands or Isle of Man is not a transfer of value for inheritance tax purposes (Inheritance Tax Act 1984 s16). Finance Act 2009 s122 extends the relief to property anywhere in the European Economic Area.

Five tests were developed in the case *Lloyds TSB v Inland Revenue* [2002] STC 468:

- is the farm appropriate by reference to its size, content and layout of the farm buildings and the acreage farmed?
- is the farm proportionate in size and nature to the requirements of the farming activities?
- does it appear to be farm. Does one recognise it as a farm (the **elephant test**),
- would a countryman say, in his informed opinion, that it was a farm?
- what has been its historic use?

From 6 April 1995, **short rotation coppicing** comes within the scope.

**agricultural property relief** Relief from inheritance tax for disposals of **agricultural property**. Since 10 March 1992, the relief has generally been 100% for property with vacant possession, and 50% otherwise. Before 10 March 1992, the reliefs were 50% and 30% respectively.

**agricultural relief** Another name for **agricultural property relief**.

**agricultural services** Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
<b>4 January 2011</b>	11%
<b>1 January 2010</b>	10%
<b>1 December 2008</b>	7%
<b>1 January 2004</b>	7.5%

There are different rates for **farming** and **agriculture**, and for **forestry** and **fishing**.

**agricultural society** “Any society or institution established for the purpose of promoting the interests of —

- (a) agriculture,
- (b) horticulture,
- (c) forestry, or
- (d) the breeding of any kind of animal”

(Corporation Tax Act 2010 s989(2)).

The profits of such a society are exempt from corporation tax (ibid s989(1)).

**agricultural subsidy** Payment made by the government to encourage home production of foodstuffs which could be sold to consumers at reasonable prices. The subsidies were paid under Agricultural Acts of 1947 and 1957.

About two-thirds of the payments were **deficiency payments** for produce sold on the home market at less than the guaranteed prices negotiated annually between farmers and the government. This policy was supported by imposing import levies on imported produce.

This policy has now been replaced by the European Union **Common Agricultural Policy**. Other countries still offer systems of agricultural subsidy.

**agricultural tenancy** A tenancy granted for agricultural purposes for full monetary consideration in the UK, Channel Islands or Isle of Man.

Such tenancies are now governed by Agricultural Tenancies Act 1995 from 1 September 1995.

The implications for inheritance tax are discussed in the Inspectors' Manual at IHTM 04230.

The tax provisions for compensation to quit such a tenancy are discussed in IR Interpretation 138.

**agricultural tractor** Category of road vehicle indicated as category F on the driving licence.

For excise duty purposes, the term “means a tractor which —

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

(b) is not used on public roads otherwise than for —

- (i) purposes relating to agriculture, horticulture and forestry,
- (ii) cutting verges bordering public roads,

(iii) cutting hedges or trees bordering public roads, or bordering verges which border public roads,  
(iv) spreading material on roads to deal with frost, ice or snow,  
(v) proceeding to and from the place where the tractor is to be used or has been used for the purposes in sub-paragraph (iv), or  
(vi) collecting or returning equipment or material needed for the purpose of sub-paragraph (iv).  
(Hydrocarbon Oil Duties Act 1979 Sch 1 para 2).

**agricultural value**

The value of a property if it could only be used for farming. To qualify for agricultural property relief from inheritance tax, it is usually necessary to show that there is a covenant or other provision preventing other use.

**Agricultural Wage Board**

Body that determines the minimum wages that may be paid to farmworkers.

**agricultural workers**

Those who work on farms. Agricultural workers must be paid the minimum wage set by the Agricultural Wages Board. This is the last of many wages boards established in the 20th century. The Board also sets minimum working conditions.

Agricultural workers must also be paid the **national minimum wage**.

**agriculture**

**Definition**

Activity that includes "horticulture, fruit growing, seed growing, dairy farming and livestock breeding and keeping, the use of land as grazing land, meadow land, osier land, market gardens and nursery grounds, and the use of land for woodlands where that use is ancillary to the farming of land for other agricultural purposes" (Agricultural Holdings Act 1986 s96(1)).

This definition is generally followed for such purposes as agricultural property relief from inheritance tax.

**VAT flat rate scheme**

Under the VAT flat rate scheme, the appropriate percentage is generally:

From	Percentage
<b>4 January 2011</b>	6.5%
<b>1 January 2010</b>	6%
<b>1 December 2008</b>	5.5%
<b>1 January 2004</b>	6%

There are separate rates for **agricultural services, and forestry and fishing**.

**Agriculture and Horticulture Development Board (AHDB)**

"A statutory levy board, funded by farmers, growers and others in the supply chain and managed as an independent organisation (independent of both commercial industry and of Government).

"Our purpose is to make our agriculture and horticulture industries more competitive and sustainable through factual, evidence-based advice,

information and activity" (AHDB website)

From 1 April 2008, the **Meat and Livestock Commission** is part of AHDB.

<b>agriproduct</b>	Commodity used by farmers.
<b>agroindustry</b>	Area of production which serves the needs of both industry and farming.
<b>agronomy</b>	Rural economy.
<b>agt</b>	Abbreviation: agent.
<b>Agur's wish</b>	"Give me neither poverty nor riches" (Proverbs 30:8, the Bible).
<b>AH</b>	Average holding, as used in the formula in Income Tax (Trading and Other Income) Act 2005 s154A(4).
<b>A/H</b>	Abbreviation used when vessels are chartered to sail to Antwerp and Hamburg, and ports in between.
<b>AHDB</b>	<b>Agriculture and Horticulture Development Board.</b>
<b>ahistorical</b>	Ignoring the history.
<b>Ahmedabad principle</b>	<p>Principle that a <b>prior year adjustment</b> must make the same adjustment to the prior year and the subsequent year.</p> <p>The name comes from the case <i>Ahmedabad Bombay Commissioners of Income Tax v Ahmedabad New Cotton Milles Company Ltd [1929] 8ATC574</i>. The matter is discussed in the Inspectors' Manual at BIM34030.</p>
<b>AI</b>	<b>Artificial intelligence.</b>
<b>AIA</b>	<b>Annual investment allowance</b>
<b>AIB</b>	<b>(1) Accountant in Bankruptcy</b> , Scottish law officer. <b>(2) Allied Irish Bank.</b>
<b>AIBD</b>	<b>Association of International Bond Dealers.</b> Since 1992, it has been known as the <b>International Securities Markets Association.</b>
<b>aid</b>	Assistance or help of almost any kind, including giving money or other financial help.
<b>aid and abet</b>	Assist in the performance of a crime. Strictly aiding means providing material assistance while abetting means incidental assistance, such as acting as a look-out or getaway driver.
<b>aide</b>	Confidential assistant to a person of senior rank.
<b>aide-de-camp</b>	Officer who acts as secretary and messenger for a military general.

<b>aide-mémoire</b>	Aid to the memory, such as a note or checklist.
<b>aid tying</b>	Practice whereby a donor country provides aid to a poor country to buy goods from the donor country.
<b>aide pur fille marier</b>	A form of <b>scutage</b> levied in 1167 and 1245 to marry off the king's daughter.
<b>aids</b>	Payment once made by a feudal tenant for a specific purpose such as marrying the lord's eldest daughter.
<b>aiel</b>	Latin: grandfather.
<b>AIF</b>	<b>(1) Authorised investment fund.</b> <b>(2) Approved investment fund.</b>
<b>AIFM</b>	<b>Alternative Investment Fund Manager.</b>
<b>AIFTA</b>	Anglo-Irish Free Trade Area. This has been replaced by the EU.
<b>AIB</b>	<b>Asian Infrastructure Investment Bank.</b>
<b>AIC</b>	Association of Independent Inventory Clerks.
<b>AIIT</b>	Associate of the Institute of Indirect Taxation.
<b>aikona</b>	Bantu: it is not so.
<b>ailing economy</b>	Economy which is performing badly.
<b>AIM</b>	<b>(1) Alternative Investment Market.</b> (2) Association of Independent Museums.
<b>AIM shares</b>	<b>Shares</b> that are traded on the <b>Alternative Investment Market.</b>
<b>ainé</b>	Elder or senior. The feminine form is ainée.
<b>AIO</b>	<b>Activities, interest and opinion.</b> These may be analysed for the purposes of <b>lifestyle segmentation.</b>
<b>AIR</b>	<b>Alcohol Ingredients Relief.</b>
<b>air</b>	Mixture of gases which provide the atmosphere over the earth, and which include oxygen which sustains life. In law, the enjoyment of air is regarded as a natural right which cannot generally be secured by possession. The right to enjoy a particular current of air may be secured by an <b>easement.</b> There are various laws to prevent pollution of air, or the release into the air of environmentally damaging material.

- air ambulance charity** “Means a charity the main purpose of which is to provide air ambulance services in pursuance of arrangements made by, or at the request of, a relevant NHS body” (Value Added Tax 1994 s33D(3)).  
From 1 April 2015, such a charity may reclaim VAT input tax.
- air cargo clauses** Clauses in a marine insurance contract which cover risks for goods carried by air. The first draft of such clauses was published in 1965.
- air charter** Hiring of an entire aircraft to carry goods.
- air consignment note** The equivalent of a **bill of lading** when goods are sent by air.  
The note is not a document relating to the title of the goods, but a copy of the consignment contract.
- air cooling** For capital allowance purposes, this is treated as an **integral feature**, which means that it is included in the **special rate pool** and is subject to capital allowance at 8% on the writing down basis, and not the usual 18% for plant and machinery (Capital Allowances Act 2001 s33A).
- aircraft**
- Definition**  
Vehicle which transports goods or passengers by air.  
“Any machine capable of flight (whether or not propelled by mechanical means), including any description of balloon” (Armed Forces Act 2006 s374).
- History**  
The first airborne devices were kites, followed by Chinese lanterns of 3<sup>rd</sup> century BC. The first aircraft capable of carrying passengers or goods were balloons, filled with hot air, hydrogen or helium.  
Attempts to build a flying machine have been made since 11<sup>th</sup> century. The first recognised machine flight was by the Wright brothers in 1903.  
The first cross-Channel flight was in 1909 when Customs classified the aeroplane as a boat.
- Customs**  
Goods may only be imported by air to the UK at an **approved airport**.  
The control of aircraft is covered by Customs and Excise Management Act 1979 s21.
- Value added tax**  
For VAT, an aircraft is zero-rated if it weighs 8,000 kg and is not primarily for recreation or pleasure under Value Added Tax Act 1994 Sch 8 Group 8.
- Corporation tax and income tax**  
For corporation tax and income tax, aircraft are **plant** and attract the capital allowance as such. The provisions for an aircraft let on charter are given in Capital Allowances Act 2001 s123.  
A provision in the accounts to allow for future overhaul of aircraft was held to be an allowable deduction from taxable profits in *Johnston v Britannia Airways Ltd Ch D [1994] 67 TC 99*.

### **Capital gains tax**

Aircraft qualify for **rollover relief** (Taxation of Capital Gains Act 1992 ss155-156).

### **Derivatives**

There are special provisions relating to derivatives contracts based on aircraft SI 2004 No 3256 reg 4(3).

<b>aircraft manifest</b>	Full list of items on board an aircraft.
<b>aircraft spare parts depot (ASPD)</b>	<p>For Customs purposes, a location at which imported spare parts for certain aircraft can be stored without payment of customs duty or import VAT. Only spare parts for civil aircraft may benefit from the ASPD regime.</p> <p>To be considered eligible, an aircraft must be:</p> <ul style="list-style-type: none"><li>(a) registered outside the UK or</li><li>(b) owned and operated by a person whose main place of business is outside the UK; or</li><li>(c) used in international air transport services.</li></ul>
<b>aircraft test building</b>	This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.
<b>air departure tax (ADT)</b>	Scottish tax introduced from April 2018 as the devolved equivalent to air passenger duty (APD). ADT is intended to be about half the rates of APD with the intention to abolish it as soon as finances allow. The law is Air Departure Tax (Scotland) Act 2017.
<b>air fares</b>	If between the UK and another country, they are zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.
<b>air force law</b>	Service law in the Royal Air Force.
<b>airline pilot</b>	<p>A pilot operating from the UK is generally regarded as performing those duties in the UK (Income Tax (Earnings And Pensions) Act 2003 s40).</p> <p>A single landing and take-off from the UK in a year by an overseas pilot is ignored in terms of establishing residence (Statement of Practice A10 of 28 October 1975). A more general application is contained in Income Tax (Earnings And Pensions) Act 2003 s39.</p>
<b>air mail</b>	Mail conveyed by air. [This is sometimes spelled as a single word.]
<b>airmail transfer</b>	Transfer effected between banks by airmail. It has now largely been replaced by electronic transfers.



<b>airman</b>	<p>“A person whose rank is junior technician, senior aircraftsman, leading aircraftsman or aircraftman” (Armed Forces Act 2006 s374).</p>
<b>air miles</b>	<p>Loyalty scheme offered by various airlines, particularly in UK, Canada, Netherlands, Spain and the Middle East.</p> <p>In the UK, the scheme was offered by the airline BA, and launched in 1988. It was operated by Loyalty Management Group who also licensed it to other operators. In 2011, the scheme merged with Iberia Plus and was rebranded as Avios. The scheme ended on 14 November 2011.</p> <p>Air miles awarded to an employee are not regarded as a taxable benefit, even when the flight where they were earned was for business.</p>
<b>Air Navigation Order</b>	<p>Order made under Civil Aviation Act 1982. The same definition is used for air passenger duty (Finance Act 1994 s43(1)).</p>
<b>air passenger duty</b>	<p>A tax on air flights first imposed on 1 November 1994.</p> <p>The tax is charged as a supplement per passenger per flight, subject to various exceptions. A desire to move to a tax per flight was found to be contrary to EU law.</p> <p>The legislation is contained in Finance Act 1994 ss28-44 and Air Passenger Duty Regulations SI 1994 No 1738. Both of these have been amended and supplemented.</p> <p>The operator of a chargeable aircraft must register for the tax with HMRC within seven days of becoming liable.</p> <p>The tax is paid by the operator on a monthly basis.</p>
<b>air pilot</b>	<p>Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 50.</p>
<b>airport</b>	<p>For air passenger duty, “means any aerodrome (within the meaning of [Civil Aviation Act 1982])” (Finance Act 1994 s43(1)).</p>
<b>air purification</b>	<p>For capital allowance purposes, this is treated as an <b>integral feature</b>, which means that it is included in the <b>special rate pool</b> and is subject to capital allowance at 8% on the writing down basis, and not the usual 18% for plant and machinery.</p>
<b>airport</b>	<p>Place where aircraft land to collect and deliver goods or passengers.</p> <p>For Customs purposes, goods may only be imported at an <b>approved airport</b>. It is an offence to import goods elsewhere.</p>
<b>airport tax</b>	<p>For international tax, any tax imposed on people departing for travel by aircraft. Air passenger duty is an airport tax.</p>
<b>air purification</b>	<p>For capital allowances, this may qualify as a feature integral to a building (Capital Allowances Act 2001 s33A).</p>
<b>air raid shelter</b>	<p>Building or similar to protect people from air attack (Civil Defence Act 1939 s90(1)).</p>

<b>air rights</b>	American term for the right of a property owner in owning the air above his property.
<b>airside</b>	The strictly controlled area of an airport from which goods may not be removed without Customs authority.
<b>air source heat pump</b>	From 7 April 2005, this may qualify for the reduced rate of VAT when fitted to a residential or charitable building under Value Added Tax 1994 Sch 7A Group 2.
<b>airspace</b>	Right to use the air above land. Under English law, this right belongs to the freeholder of the land. An unsuccessful attempt to divorce this right from the land was made in the case <i>Rolfe v Wimpey Waste Management Ltd</i> [1989] 62 TC 399. The case is discussed in the Inspectors' Manual at BIM 35605.
<b>airstrip</b>	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
<b>Air Training Corps</b>	Officers, adult instructors and adult warrant officers of this corps are a class of <b>reservists</b> (PAYE regulations SI 2003 No 2682 reg 122(2)).
<b>air transfer</b>	When a person arrives in the UK to transfer to another flight to take them to another destination in the UK or EU. Such a person only needs to declare goods in hand language to Customs.
<b>Air Travel Card</b>	Early form of charge card issued by American Airlines and Air Transport Association in the USA in 1934. The card is still issued.
<b>AITC</b>	<b>Association of Investment Trust Companies.</b>
<b>AIU</b>	<b>Audit Inspection Unit</b> , part of the Financial Reporting Council.
<b>à jamais</b>	French: for ever.
<b>aka</b>	Also known as, a description of an <b>alias</b> .
<b>Aktb</b>	Abbreviation of <b>Aktiebolaget</b> , Swedish joint stock company as put after the company's name.
<b>Aktiebolaget (Aktb)</b>	Swedish: joint stock company.
<b>Aktiengesellschaft</b>	German, Swiss: limited company.
<b>Aktivitätsvorbehalt</b>	German term for a reservation clause for active income. In international tax, it refers to provisions in a taxation treaty which is restricted to <b>active income</b> and not passive income.
<b>AL</b>	<b>Apprenticeship levy.</b>

<b>AL13</b>	A figure that appears in line 13 of Form 14 completed by life assurance companies. It is referred to in Income and Corporation Taxes Act 1988 s444ABB.
<b>à la</b>	French: in the manner of.
<b>à l'abandon</b>	French: neglected, uncared for.
<b>à la belle étoile</b>	French: in the open air.
<b>à la dérobée</b>	French: by stealth.
<b>ALADI</b>	Asociacion Latinoamericano de Intergracion. Body established in 1980 and fully ratified on 27 March 1982 to promote the economic and social development of South America. One of its provisions was the elimination of customs duties between members.
<b>ALALC</b>	Asociacion Latinoamericano de Libre Comercio. Body established on 18 February 1960 to achieve a common market in South America. It failed to achieve this goal and was replaced by <b>ALADI</b> .
<b>à la main</b>	French: ready to hand.
<b>ALAP</b>	Abbreviation: as late as possible.
<b>alarm notification area</b>	Area designated by a local authority where anyone with an audible alarm fitted must notify the authority of a key-holder (Clean Neighbourhoods and Environment Act 2005 ss70-71).
<b>a latere</b>	Latin: from the side. Description of something confidential.
<b>à la volée</b>	French: on the flight. A description of a quick return.
<b>Albania</b>	European country outside the EU. Currency is the <b>lek</b> . UK has no tax treaty.
<b>albata</b>	Form of German silver.
<b>Albert Medal</b>	Award for bravery. Payments of pension or annuity in respect of the award are free of income tax (Income Tax (Earnings And Pensions) Act 2003 s638).
<b>albricias</b>	Spanish term for a reward paid to a bringer of good news.
<b>Alcabala</b>	Old Spanish tax on the sale or exchange value of tangible property.
<b>alcohol</b>	<b>Definition</b> One of a series of organic compounds of carbon, hydrogen and oxygen. In particular, the term is used for <b>ethyl alcohol</b> (also known as ethanol). This product occurs naturally in drinks made from fermentation of organic matter, particularly from the action of yeast on sugar. The chemical formula

for ethyl alcohol is  $\text{CH}_3\text{CH}_2\text{OH}$ .

The amount of alcohol may be increased by **distillation**.

### **Taxation**

Alcoholic liquor is subject to a special **excise duty** known as alcoholic liquor duty.

For this purpose, alcohol "means ethyl alcohol" (Alcoholic Liquor Duties Act 1979 s2(2)).

VAT is added to the price of the liquor including the excise duty.

### **Excise licence**

Historically, alcoholic drink could only be made by someone who held an **excise licence**. These were abolished from 19 March 1986. Anyone may now brew beer or make wine for their own non-commercial use without a licence. It is still illegal to distil spirits without a licence.

### **Measuring the strength**

The strength of alcohol is now measured by the system known as **alcohol by volume (abv)** which states how much of the volume of liquid is pure alcohol. This replaces the old measure of **proof spirit**.

For licensing purposes alcohol includes all spirits, wine, beer, cider and similar with exceptions for alcohol below 0.5% strength, meths, Angostura bitters etc (Licensing Act 2003 s191(1)).

### **Crime**

It is not in itself an offence to be drunk but there are many offences which involve drunkenness. This includes giving drink to a child under five (Children and Young Persons Act 1933 s5).

#### **alcohol allowance**

Amount of alcoholic drink an individual may personally import from a non-EU country without having to pay any additional taxes. From 1 January 2010, it is basically either one litre of spirits or two bottles of wine, plus 16 litres of beer and 4 litres of still wine.

#### **alcohol by volume (abv)**

Method of measuring the strength of **alcoholic liquor** to determine how much excise duty is payable. It replaced **proof spirit** in 1993.

It simply states how much of the liquid is pure ethyl alcohol according to the volume of liquid. This is a lower percentage than the volume by weight as alcohol has a lower density than water.

#### **alcohol disorder zone**

Area so designated by a local authority. It gives police greater powers to confiscate alcohol, and allows a local authority to make an additional charge on holders of licences for selling alcohol for the purpose of reducing disorder (Violent Crime Reduction Act 2006 s15).

#### **alcoholic beverage**

For soft drinks industry levy, "means a beverage which is of an alcoholic strength exceeding 1.2%" (Finance Act 2017 s30(5)).

<b>alcoholic ingredients</b>	<p>Spirits, beer, cider, perry, wine and made-wine used in the manufacture of certain products, such as vinegar, beverages of low alcoholic strength and some chocolates and foodstuffs.</p> <p>If the finished product is eligible, the excise duty paid on the alcoholic ingredients can be reclaimed by the manufacturer.</p>
<b>alcoholic ingredients relief (AIR)</b>	<p>Relief of certain liquors from <b>alcoholic liquor duty</b> when they are used as ingredients for food products, such as sherry trifle.</p> <p>Further details are given in Customs notice 41.</p>
<b>alcoholic liquor</b>	<p>Any potable liquid which contains sufficient quantity of <b>alcohol</b> (namely <b>ethyl alcohol</b>, also known as ethanol).</p> <p>The drink usually requires a strength of at least 1.2% abv. Lower amounts, as sometimes found in shandy or ginger beer, are not regarded as alcoholic liquor.</p> <p>Alcoholic liquor is subject to the excise duty known as alcoholic liquor duty, now charged under Alcoholic Liquor Duty Act 1979. This duty was first imposed in 1660. It is also subject to VAT at the standard rate.</p> <p>Non-potable liquids containing ethyl alcohol (such as industrial alcohol or methylated spirits) are not subject to this duty but may be subject to Customs procedures to ensure that duty is not avoided.</p> <p>The duty is collected according to whether the drink is <b>spirits, wine, beer</b> or <b>cider</b>. Before 15 March 1988, there was another category known as <b>made-wine</b>.</p>
<b>alcoholic strength</b>	<p>“The alcoholic strength of any liquor is the ratio of the volume of alcohol contained in the liquor to the volume of the liquor (inclusive of the alcoholic contained it).. expressed as a percentage” (Alcoholic Liquor Duties Act 1979 s2(1)(c)).</p>
<b>alcohol policy</b>	<p>Policy adopted by an organisation in relation to consumption of alcohol by employees. Typically such a policy may include:</p> <ul style="list-style-type: none"><li>• a ban on drinking during work time, with closely defined exceptions such as relating to business entertainment;</li><li>• help for those fighting alcohol addiction;</li><li>• requirement that a person must not work while under the influence of alcohol;</li><li>• providing transport or accommodation at functions where alcohol is to be served, and having plenty of soft drinks as an alternative;</li><li>• clear policies on when alcohol constitutes a disciplinary offence.</li></ul>
<b>alcohol substitute drink</b>	<p>“Means a soft drink which —</p> <ul style="list-style-type: none"><li>(a) is similar to a particular kind of alcoholic beverage, and</li><li>(b) meets such other conditions as may be specified”</li></ul> <p>(Finance Act 2017 s30(4)).</p> <p>Such a drink is not subject to soft drinks industry levy.</p>

**alcohol treatment requirement**

Requirement that a person subject to certain types of court order must have treatment designed to reduce or eliminate their dependency on alcohol (Criminal Justice Act 2003 s212).

**alcohol wholesaler registration scheme (AWRS)**

Scheme introduced from October 2015 to counter alcohol duty fraud. It requires wholesales or alcoholic liquor to register with HMRC which requires them to demonstrate they are fit and proper people who have tested their supply chain for legitimacy. Retailers are only able to buy liquor from registered wholesalers.

**alco-pops**

Alcoholic drink made from spirits which are flavoured and sweetened by fruit juices. They first went on sale in 1996. They are officially known as **flavoured alcoholic beverages (FABs)**.

Between 1 January 1997 and 26 April 2002, alco-pops were subject to excise duty for **alcoholic liquor** as a **made-wine**. From 27 April 2002, alco-pops are excised as **spirits**.

**ALCS**

(1) Aggregates levy credit scheme.  
(2) Authors' Licensing and Collecting Society.

**ALD**

Automatic location device.

**ALDA**

The Alcoholic Liquor Duties Act 1979.

**Alderney**

One of the Channel Islands.

**aldermen**

People who once ran a local authority with councillors.  
Under Local Government Act 1972 they are abolished except in the City of London, and as an honorary title in other authorities.

**Aldgate Pump**

Worthless bill of exchange.  
The term comes from a pun on the word "draught" which means either a bill of exchange or a provision of water.

**Aldrich Commission**

Body established under the Aldrich Freeland Act 1908 of United States to recommend monetary reorganisation for the USA.  
In 1912 it made its recommendations, which led to the Federal Reserve Act 1913, which remains the basis of American national finances.

**Aldus**

Leading software company which pioneered the Pagemaker program and other software.

**ale**

A drink produced by brewing using yeast.  
If hops are used, the drink is **beer**. If the alcoholic strength is more than 0.5%, ale is subject to **beer duty**.

**aleatory**

Uncertain or risky.

<b>aleatory contract</b>	Wagering contract, which is not enforceable.
<b>ale-conner</b>	Person whose job was to test that ale was of proper constituency and sold for a fair price. (The word was sometimes spelled "ale-connor".)
<b>ale-draper</b>	Old name for a keeper of a tavern.
<b>alembic</b>	Old form of distilling apparatus.
<b>à l'époque</b>	French: at the time.
<b>alert box</b>	In computing, a window which appears to warn the user of an error or potential error.
<b>ale-silver</b>	Annual fee once paid by the Lord Mayor of London for the privilege of selling ale within the City.
<b>Alexa</b>	Electronic device marketed by Amazon which can undertake tasks on voice commands. From 10 July 2018 this can include contacting HMRC for help and information on a range of services.
<b>Alexander I</b>	King of Scotland from 1107 to 1124.
<b>Alexander II</b>	King of Scotland from 1214 to 1249.
<b>Alexander III</b>	King of Scotland from 1249 to 1286.
<b>Alford plea</b>	American term for a plea of guilty which is entered in court without an admission by the accused.
<b>algebra</b>	<p>A branch of mathematics used to solve problems. Its main feature is to use a letter to indicate an <b>unknown</b> or <b>variable</b> figure. For example the formula:</p> $4x + 3 = 11$ <p>can be shown to mean that x equals 2.</p> <p>Algebra can be used to construct an equation which enables the unknown to be found. It is also used to construct formulae which allow calculations to be made easily.</p> <p>Algebra is being increasingly used in tax legislation.</p>
<b>algae</b>	For VAT, algae in various forms has been held not to be zero-rated as food. <i>Nature's Balance Ltd [1993] VTD 12295</i> and <i>Hunter Ridgeley Ltd [1994] VTD 13662</i> .
<b>Algeria</b>	African country. Currency is <b>Algerian dinar</b> . UK has no comprehensive tax treaty but has an agreement signed in 1981 on air transport.
<b>Algerian dinar</b>	Currency of Algeria, denoted DA, comprising 100 centimes.
<b>algorism</b>	Arabic system of numbering and arithmetic.

<b>algorithm</b>	Set of instructions to be performed in a logical sequence to solve a problem.
<b>ALI</b>	<b>American Law Institute.</b>
<b>alia enormia</b>	Latin: other wrongs.
<b>alias</b>	False name. Note that the word means a name used for the purpose of concealing someone's real identity. It therefore excludes nicknames, pet names, stage names and similar.
<b>alias dictus</b>	Latin: otherwise called.
<b>alias man</b>	Slang for a cheat.
<b>aliasing</b>	In computing, the effect of jagged edges in some computer graphics, such as when the edge of a diagonal line looks like a staircase. This is removed by <b>anti-aliasing</b> .
<b>alibi</b>	Latin: elsewhere. A legal defence that a person could not commit the offence because he was in another place at the time.
<b>alien</b>	Foreigner who owes no allegiance to the British Crown, though this term is now little used. The term is defined in British Nationality Act 1981 effective from 1 January 1983. The law further divides aliens into <b>enemy aliens</b> and friendly aliens. "A person who is not a citizen of the country in which he or she lives" (OECD glossary of tax terms).
<b>alien ami</b>	Member of another country with whom the UK is not at war.
<b>alienation of income</b>	In international taxation, term that describes the transfer of the right to receive income from a source while not necessarily transferring the ownership of that source to the same person. "Term generally used to describe the transfer of the right to receive income from a source while not necessarily transferring the ownership of that source to the same person" (OECD glossary of tax terms).
<b>alien corporation</b>	American term for a company incorporated in a foreign country.
<b>alien friend</b>	Another name for an <b>alien ami</b> .
<b>alieni juris</b>	Latin: of another's right. Description of the status of a person who is not of full age and mental capacity.
<b>alien poll tax</b>	A small additional poll tax on aliens levied between 1440 and 1443.



<b>alien registration</b>	American term for registering people overseas with a view to giving them a <b>green card</b> .
<b>aliens customs</b>	Tax payable by foreigners on wine in 13 <sup>th</sup> century.
<b>aligned documentation</b>	System of producing sets of documents from a single master copy, particularly for periods when computers produced most documents.
<b>alignment</b>	Process of bringing two things together. In tax, the term is used in such contexts as aligning the <b>upper earnings limit</b> for national insurance with the threshold for higher rate income tax.
<b>alignment payment</b>	Social security payment from the <b>Social Fund</b> to someone waiting for a social security benefit or tax credit. From April 2013, they are abolished and replaced by <b>short-term advances</b> .
<b>aliment</b>	Payment for nourishment and food. The word also means the nourishment and food itself. In Scots law, "financial support of a spouse or child enforceable by law" (Judiciary of Scotland website glossary).
<b>alimentary trust</b>	<b>Trust</b> which is established for the purpose of protecting the beneficiaries.
<b>alimony</b>	Old term for payment a man made to support a former wife. This is now simply called <b>maintenance</b> .
<b>alio intuitu</b>	Latin: with a motive other than the ostensible and proper one.
<b>aliquant</b>	Number which will not wholly divide into another number. So 3 is an aliquant of 7.
<b>aliquot</b>	<b>Mathematics</b> A whole number which is a <b>divisor</b> of another number, so 2, 3, 4 and 6 are aliquots of 12.  <b>US law</b> A particular fraction of a whole property in a resulting trust as against a general interest in the property.
<b>A-list</b>	List of members of a company who may be liable for a company's unpaid debts. Under UK company law, they are only liable if the company is unlimited, there are unpaid sums on <b>calls</b> , or the member has guaranteed a company debt. [The term also has other meanings. A-list is also used to describe film stars who command the highest fees. The word is also used by the Conservative party to indicate individuals to be preferred as candidates.]

<b>A-listan</b>	Category of the best quality shares on the Stockholm Stock Exchange.
<b>aliter</b>	Latin: otherwise.
<b>aliunde</b>	Latin: from elsewhere.
<b>ALJR</b>	Australian Law Journal Reports, published from 1958.
<b>Al-Jumburiyah al-Jaza'iriyah ad Dimuquqratiyah ash Sah'biyah</b>	Arabic: People's Democratic Republic of Algeria.
<b>ALL</b>	<b>ISO code</b> for Albania lek.
<b>ALLA</b>	<b>Audit liability limitation agreement.</b>
<b>allegans contraria non est audiendus</b>	Latin: he who makes statements mutually inconsistent is not to be listened to.
<b>allegans suam turpitudinem non est audiendus</b>	Latin: a person alleging his own infamy is not to be listened to.
<b>allegation</b>	A statement or assertion of facts which has yet to be either accepted or rejected as true. In legal proceedings, the onus of proof generally rests with the person making the allegation.
<b>allegiance</b>	Loyalty, particularly to the monarch. Breach of this duty is the crime of <b>treason</b> . Certain offices, including judges and MPs, require an oath of allegiance to the monarch.
<b>all employee share ownership plan (AESOP)</b>	Old name for what is now called a <b>share incentive plan (SIP)</b> .
<b>Allen charge</b>	American term for an injunction given by a judge to a jury to make further efforts to reach a verdict. The Supreme Court held that this was legal in the case <i>Allen v United States</i> [1896].
<b>Allen Committee</b>	Body that reported to the government in 1963. It said that domestic rates were regressive.
<b>All England Law Reports</b>	One of the two official series of law reports for the whole of England. The other is the <b>Weekly Law Reports (WLR)</b> . The series was started in 1936 and is still published. It uses the citation <b>All ER</b> . The <b>citation</b> for cases in these reports takes the form <i>Pepper v Hart</i> [1993] 1 All ER 42. This means that the case between Pepper and Hart can be found in volume 1 of the 1993 All England Law Reports, starting at page 42.
<b>all-equity net present value</b>	Value of <b>net present value</b> calculated as if that which is being valued was funded entirely by <b>equity</b> . In particular, the discount rate used is that for

equity finance.

<b>All ER</b>	<b>All England Law Reports.</b> This is one of two official series of law reports; the other is the Weekly Law Reports (WLR). These reports were started in 1936 and are still published.
<b>all-figure numbering (AFN)</b>	Telephone dialling system introduced in UK from 1965 whereby old exchange names are replaced by digits.
<b>alliance building</b>	Form of career-building based on finding individuals with whom an alliance can be reached. It is similar to <b>log rolling</b> .
<b>Alliance for Progress</b>	Conference held in 1961 in Uruguay by US President Kennedy for all American states except Cuba. It led to some financial and political co-operation.
<b>allied headquarters</b>	"Means an international military headquarters established under the North Atlantic Treaty" (Income Tax (Earnings And Pensions) Act 2003 s303(6)) and s837(7).
<b>allied headquarters staff</b>	Such staff are generally exempt from UK taxation (Taxation of Capital Gains Act 1992 s11; Income Tax (Earnings And Pensions) Act 2003 s303; Income Tax Act 2007 s883).
<b>Allied Irish Bank (AIB)</b>	UK bank originally founded in 1825.
<b>alligator spread</b>	Options spread where any possible gain is eaten up by commission.
<b>all in</b>	Gambling term for a punter using all his money.
<b>all-in-one printer</b>	Piece of computer equipment which combines several functions, typically printer, scanner, copier and fax machine.
<b>all-in price</b>	Price which includes related expenses, such as tax, delivery and insurance.
<b>allocate</b>	Assign a whole item of revenue or cost to a cost centre, account or time period.
<b>allocated costs</b>	Overheads which have been allocated to a particular <b>cost centre</b> .
<b>allocation</b>	Any process of assigning property to specific persons. In law, it particularly refers to the issue of shares to shareholders. In international taxation, the term refers to how profits are divided between countries to be taxed.
<b>allocation notice</b>	Formal notice from a clearing house to the writer of an option, stating that the option has been exercised and requiring the writer to buy or sell in accordance with their obligations.
<b>allocation of cases</b>	For tax tribunals, process for determining how the case will be heard. The process is set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber)

Rules SI 2009 No 273 rule 23.

The case may be a **default paper case, basic case, standard case or complex case.**

**allocation problems**

Difficulties in allocating resources effectively to provide all the goods or services a company offers.

There are methods management mathematics which can assist in the problem. A simple one is **opportunity costing.**

**allocation rate**

Amount of pension payment which is actually paid into the **pension fund.** For example, a 70% allocation rate for a payment of £500 means that only £350 is applied to the fund with the remainder paying charges and providing profit for the **pension provider.**

Some schemes have very low allocation rates (such as 30%) in early years but have rates above 100% at the end of the scheme. Some newer schemes offer very high allocation rates, such as 107%, in early months as a **loss leader,** but with lower allocation rates later.

**allocatur**

Latin: it is allowed.

**allodial**

Description of property which is held without anyone else having a higher right.

**allodium**

Land which is not held by any lord or superior person, and where the holder therefore has absolute property rights.

**allogeneic use**

In relation to organ donation, "means cells or tissues removed from one person and applied to another" (Directive 2003/23/EC article 3).

**allograph**

Document written by one person on behalf of another.

**all one transaction principle**

For stamp duty, the principle that two transactions may be regarded as one if sufficient close in time and nature. The leading case is *Cohen and Moore v IRC [1933]*.

**allonge**

Slip of paper attached to a **bill of exchange** to provide additional space for **endorsements.**

**all or none**

Instruction that no part of an order to buy or sell **securities** may be executed unless the whole order is executed.

**all or nothing**

Another term that means **all or none.**

**all or nothing option**

**Binary option** which has either a significant value or no value.

**All Ordinaries share index**

Most widely used index of Australian shares.

It is a capitalisation-weighted index of about 250 shares ordinary shares quoted on the Australian stock exchange.

<b>allostatic load</b>	In human resources, the long-term physical effects on a worker from continued stress.
<b>allotment</b>	<p><b>Shares</b></p> <p>Process of allocating <b>new shares</b> to those who <b>subscribe</b> for them, usually against a <b>prospectus</b>.</p> <p>If the demand for shares exceeds the supply, there may be a <b>reduced allotment</b> whereby each <b>subscriber</b> receives a <b>pro rata</b> number of shares.</p> <p><b>Land</b></p> <p>Piece of land allowing a person to grow their own crops. Originally the land was defined in <b>square rods</b>, where an allotment had to be between 10 and 40 square rods.</p> <p>Since 2000, allotments are defined in metric units as between 250 and 1000 square metres.</p> <p>n allotment must be provided by a local authority to any resident who wishes to have on. It may only be used to grow fruit, vegetables and flowers for the use of the allotment holder and his family. In practice most allotments are fields divided into plots.</p> <p>Most such allotments have their own association for matters of common interest.</p>
<b>allotment letter</b>	Notification of how many shares have been allotted to a <b>subscriber</b> of <b>new shares</b> . The allotment is either the full number applied for, or a <b>reduced allotment</b> . An allotment letter is also known as a <b>share allotment form</b> . The allotment letter is exchanged for a <b>share certificate</b> or <b>contract note</b> .
<b>allotment notice</b>	Another term for an <b>allotment letter</b> .
<b>allotment of equity shares</b>	In company law, this as defined as to “include — (a) the grant of a right to subscribe for, or to convert any securities into, <b>ordinary shares</b> in the company, and (b) the sale of ordinary shares in the company that immediately before the sale are held by the company as <b>treasury shares</b> .” (Companies Act 2006 s560(2)).
<b>allotted share capital</b>	“Shares of a company that have been allotted” (Companies Act 2006 s546(1)(b)).
<b>all-out strike</b>	Stoppage of work involving all employees and resulting for as long as is necessary, as against a <b>selective strike</b> .
<b>allowable</b>	Something which is permitted, such as expenses which may be claimed from an employer or deducted from taxable income.
<b>allowable agricultural expenses</b>	<p>“In relation to an <b>agricultural estate</b>, means any expenses attributable to the estate which are deductible:</p> <p>(a) in respect of maintenance, repairs, insurance or management of the estate, and</p>

(b) otherwise than in respect repayable on a loan.  
(Income Tax Act 2007 s123(5)).

- allowable defects** Another term sometimes used for **acceptance number** in statistics.
- allowable donations to charity** For PAYE, “means any donation which is withheld from the payment of PAYE income and for which a deduction must be allowed under section 713 of [Income Tax (Earnings And Pensions) Act 2003] (donations to charity: payroll deduction scheme)”  
(PAYE Regulations SI 2003 No 2682 ref 3(2)).
- allowable expenses** Expenses which an employee may deduct from taxable income.
- allowable exploration expenditure**  
In relation to capital allowances for the oil industry, this term is defined in Capital Allowances Act 2001 s555(4).
- allowable loss** Loss which may be offset against a profit for tax purposes.
- allowable pension contributions**  
For PAYE, “means any contribution under a registered pension scheme which is withheld from the payment of PAYE income which is allowed to be deducted from the employment income by the sponsoring employer under section 193(2) of the Finance Act 2004 (relief under net pay arrangements)”  
(PAYE Regulations SI 2003 No 2682 reg 3(2)).
- allowance**  
(1) Sum of money provided to a person for a particular purpose.  
(2) Sum of money that may be subtracted from income for tax purposes. The personal allowance for income tax is a common example.  
“Deduction or exemptions generally made in computing income taxes, inheritance and gift taxes and some forms of sales taxes” (OECD glossary of tax terms).
- allowance buying**  
Acquiring an asset for its capital allowance.  
This is a form of tax avoidance that is generally disallowed by Capital Allowances Act 2001 Part 2 Chapter 16A, as amended by Finance Act 2013 Sch 26.
- allowed period**  
In relation to residence nil rate band for inheritance tax, this is given a specific meaning in Inheritance Tax Act 1984 s8L(6) as inserted by Finance (No 2) Act 2015 s9.
- allowed time**  
Prescribed time for the completion of a function, such as making or assembling an item. It is also known as **standard time**.
- allowed variation**  
Variation that may be made to a financial arrangement which is taxed more favourably because the arrangement was made before a change in tax law. Such a variation does not lose the more favourable tax arrangements.  
The term can be found in Inheritance Tax Act 1984 s46A.

<b>alloy</b>	<p>Mixture of two or more metals, such as brass or pewter.</p> <p>In finance, it is particularly important to quantify the amount of <b>precious metal</b> in an alloy relative to <b>base metal</b>.</p> <p><b>Electrum</b> is an alloy of gold and silver.</p>
<b>all-paper deal</b>	<p>One of the three ways in which a listed company may for a company it takes over.</p> <p>In an all-paper deal the owners of the taken over company are given shares in the takeover company.</p> <p>The other two ways are all-cash, and cash and paper.</p> <p>In management terms, the advantages of an all-paper deal are that it shows the holders of the taken over company have confidence in the new owners.</p> <p>There can also be a capital gains tax advantages for those holders as the swap of shares is not regarded as a disposal that would trigger a tax charge.</p>
<b>all-party parliamentary group</b>	<p>Group "composed of members of one or both of the Houses of Parliament (or of such members and other persons)" (Companies Act 2006 s376(2)).</p> <p>A company donation to an all-party parliamentary group is not regarded as a political donation and therefore need not be separately disclosed in the accounts as such.</p>
<b>all-risks insurance</b>	<p>Insurance policy that provides full cover against almost all risks, particularly in marine insurance.</p>
<b>all risks policy</b>	<p>Insurance policy which covers every risk with no exceptions. In particular it insures household items which are not on the premises.</p>
<b>all risks whatsoever</b>	<p>Term used in marine insurance to cover a greater range of risks than the usual <b>all risks</b> policy. The policy does not cover inherent vice and delay, nor does it include inevitabilities which are not risks.</p>
<b>all-up</b>	<p>Description of total weight of a loaded aircraft.</p>
<b>alluvion</b>	<p>Land gradually gained from a river or sea by washing up of sand, stones and similar material.</p>
<b>alluvium</b>	<p>Deposits of sedimentary material along a river bank or coast which adds to the size of land.</p>
<b>ALM</b>	<p>Prefix for HMRC's tax manual on apprenticeship levy.</p>
<b>Almighty Dollar</b>	<p>US dollar seen in reverential terms as the power of money. The term was first used by Washington Irving in 1837.</p>
<b>almond oil</b>	<p>This is generally zero-rated for VAT as food. Bitter almond oil is standard-rated.</p>
<b>almoner</b>	<p>Person who collects donations for distribution to the poor.</p>

<b>almonry</b>	Place where an <b>almoner</b> resides.
<b>ALMR</b>	Association of Licensed Multiple Retailers.
<b>alms</b>	Gifts for the poor.
<b>alms box</b>	Sealed receptacle to receive charitable gifts. Under Canon F 10, every Church of England church and chapel should have such a box. The minister and parochial church council determine how sums received should be used.
<b>alnage</b>	Measurement and inspection of cloth.
<b>Alnaschar's Dream</b>	Premature reliance on a commercial venture. The term has a similar meaning to <b>counting your chickens</b> . The term comes from a story in <i>Arabian Nights</i> when Alnaschar spends all his money on a basket of glassware to sell for a profit. In his anger, he kicked over the basket and broke all the glassware.
<b>alodium</b>	Alternative spelling of <b>allodium</b> .
<b>aloe vera</b>	For VAT, products of this plant could not be zero-rated as food because they have no nutritional value. <i>Forever Living Products Ltd [1997] VTD 16263</i> .
<b>Aloha Friday</b>	Another name for <b>dress-down Friday</b> .
<b>alpha</b>	Investment term used to describe the risk adjusted outperformance of an investment. A large alpha indicates good performance relative to the market. The <b>beta</b> indicates factors that affect the market as a whole. The term is the first letter of the Greek alphabet, indicated by the symbols $\alpha$ and A.
<b>alphabet shares</b>	Classes of ordinary shares that are designated as A-shares, B-shares etc. They are commonly used to avoid national insurance by allocating a different class to each person and then declaring the appropriate dividend.
<b>alpha coefficient</b>	Element of share price movements which applies to shares generally, as opposed to movements which relate to a specific share, known as the <b>beta factor</b> .
<b>alpha earner</b>	American term for a wife who provides most of the household income.
<b>alpha fund</b>	Fund which attempts to outperform its benchmark.
<b>alpha shares</b>	Term once used to describe the most commonly traded shares on a stock exchange.
<b>alpha stocks</b>	Term used between October 1986 and January 1991 to describe the most actively traded securities on the London Stock Exchange. It was the most active of four categories, of which the others were predictably beta, gamma and delta.



Since January 1991, the term has been replaced by the **normal market size (NMS)** measure.

<b>alpha test</b>	In-house testing of computer software before its release to customers.
<b>al più</b>	Italian: at most.
<b>ALPSP</b>	Association of Learned and Professional Society Publishers.
<b>ALR</b>	Australian Law Reports, previously Argus Law Reports.
<b>ALT</b>	Alternate key on computer. When this is held down, other keys perform specific functions in the program.
<b>Altalános Forgalmi Adó (AFA)</b>	Hungarian: value added tax.
<b>altarage</b>	Obscure term for money placed on an altar as an offering during a church service.
<b>alteration</b>	<p>(1) In law, changing the text, as in a document.</p> <p>A material alteration in certain documents, such as changing the date on a bill of exchange, has the effect of invalidating the document.</p> <p>For a will, an alteration is assumed to have been made after the will was executed, and therefore is invalid, unless there is evidence to the contrary such as the signatures of the testator and attestors by the alteration.</p> <p>(2) In accounting, changing a figure. This must always be done so that the original figure is still legible, and the revised figure and reason for the revision are made known.</p> <p>(3) In relation to inheritance tax and alteration of capital of a close company, "alteration includes extinguishment" (Inheritance Tax Act 1984 s98(2)).</p>
<b>alteration of share capital</b>	<p>An increase, reduction or other change in the share capital of a limited company.</p> <p>Such an alteration is only legal if permitted by the company's articles of association. The relevant company law is found in Companies Act 2006 s617 onwards.</p>
<b>altered date</b>	In coin collecting, a coin whose date has been altered. Historically this has sometimes been done by mints. More recently it is often done to produce a counterfeit coin of greater value, such as altering the date of a 1935 penny to 1933.
<b>altered duty</b>	<p>Customs duty whose rate has changed between making a contract and delivering the dutiable goods.</p> <p>The supplier has the right to charge the new rate of duty under Finance Act 1901 s10.</p>
<b>alternate director</b>	Person who may act as a temporary replacement for a director. This arrangement usually requires a specific provision in the articles of association and agreement of the other directors for a particular person to act.

<b>alternate key</b>	Key marked <b>ALT</b> on a computer keyboard.
<b>alternate route</b>	In computing, a second communication channel.
<b>alternation ranking</b>	In human resources, a ranking method used in job evaluation and performance. It involves producing a list of employees in order from best to worst.
<b>alternative accounting rules</b>	Accounting rules as permitted by SI 2008 No 410 Section C. These permit a form of <b>current cost accounting</b> to be used.
<b>alternative assessment</b>	In human resources, any non-standard method used to evaluate a student's educational achievement.
<b>alternative compliance</b>	Term used in Companies Act 2006 s410 when the directors believe that the normal disclosures about related undertakings would lead to notes of excessive length. The directors may then include only those undertakings need be listed whose results principally affect the reported figures. The full list must be annexed with the <b>next annual return</b> .
<b>alternative count</b>	When a person is charged with committing one of two or more offences but not both, such as murder or manslaughter.
<b>alternative currency option</b>	Option in which the underlying security is in one currency and the pay-out is made in another.
<b>alternative delivery procedure</b>	Terms in an options or futures contract which are not standard.
<b>alternative dispute resolution (ADR)</b>	A means of resolving disputes without resort to the Courts. Particularly used in relation to disputes between pension schemes, trustees and members. In general, civil courts usually expect the parties to have made some effort at ADR before starting litigation. For tax cases, the tribunal has a duty to bring to the attention of the parties ADR procedures (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 3(1)).
<b>alternative document</b>	In employment, a document which is not included in a contract of employment but referred to in it. An example is a works manual. An employee must have access to such a document under Employment Rights Act 1996 s7.
<b>alternative finance arrangements</b>	Various financial products designed to get round the ban under Islamic law of charging interest. Such products replace interest with profit-sharing. There are many tax provisions which are designed to ensure that such products are taxed on the same basis as the products they replace. These tax provisions were introduced from 7 April 2005. Capital gains tax provisions are given in Taxation of Capital Gains Act

1992 from s151H. This lists five categories of such arrangement:

- purchase and resale arrangements
- diminishing shared ownership arrangements
- deposit arrangements
- profit share agency arrangements, and
- investment bond arrangements.

The same list appears in Income Tax Act 2007 s564A.

The taxation of financial institutions under these arrangements is set out in Corporation Tax Act 2009 from s501.

Help is provided by HMRC in helpsheet HS340.

Guidance is given in the Inspector's Manual at BIM 45780.

### **alternative finance investment bonds (AFIBs)**

Investment bonds subject to **alternative finance arrangements**. A full definition is given in Finance Act 2009 Sch 61 para 1. The Schedule is referred to in *ibid* s123.

### **alternative finance return**

Total return made from **alternative finance arrangements**.

For capital gains tax, the law is found in Taxation of Capital Gains Act 1992 from s151P.

For income tax, the law is found in Income Tax Act 2007 s564I.

For corporation tax, the law is found in Corporation Tax Act 2009 from s511.

### **alternative financial arrangements**

In relation to an adult in care, means an arrangement that is similar in effect to a **deferred payment agreement** (Care Act 2014 s36).

### **alternative financing**

This term usually means borrowing funds from non-traditional sources. The main forms of alternative financing are crowdfunding and peer-to-peer lending.

### **alternative hypothesis**

A possible explanation for an observable phenomenon.

In statistics, the reason for an observable phenomenon is called the **null hypothesis**. This is assumed to be true unless it is nullified, when the alternative hypothesis, or one of them is considered.

### **Alternative Investment Fund**

"A collective investment undertaking that is not subject to the **UCITS** regime, and includes hedge funds, private equity funds, retail investment funds, investment companies and real estate funds, among others" (Financial Conduct Authority website).

### **Alternative Investment Fund Manager**

Person who manages an **Alternative Investment Fund**

### **Alternative Investment Fund Managers Directive (AIFMD)**

EU Directive 2011/61/EU issued on 1 July 2011 and transposed into UK law on 22 July 2013. It establishes an EU-wide harmonised framework for monitoring and supervising Alternative Investment Fund Managers.

### **Alternative Investment Market (AIM)**

A stock market operated by the **London Stock Exchange** for small, young and growing companies. It opened on 19 June 1995.

The **admittance rules** for AIM are less onerous than for a full **listing** on the **main market**.

For the investor, there was the advantage that any investment in an AIM company counted as an **acquisition** of a **business asset** which meant that the investor paid a significantly lower amount of **capital gains tax** on the eventual **disposal** of the AIM shares.

### **alternative investments**

Term used for investments outside the usual range of savings and investment products.

Typically they are in **tangible assets** such as wine, coins, jewellery, art, classic cars etc. Great care needs to be exercised in alternative investments as usually only the best quality examples even hold their value against inflation, and specialist knowledge is usually needed in the assets collected. Many alternatives do not provide any income, only capital gain.

### **alternatively secured pension (ASP)**

Misnomer for a scheme operated like a **money purchase pension** but operated for some who is at least 75 years old.

"Payment of income withdrawals direct from a money purchase arrangement to the member of the arrangement (who is aged 75 or over) and that meet the conditions laid down in paragraphs 12 and 13 of Schedule 28 to the Finance Act 2004." (HMRC manual RPSM glossary).

### **alternatively secured pension fund**

Funds held in a money purchase arrangement and which have been designated to a scheme member to provide that member with an **alternatively secured pension** from the age of 75. Details are set out in Finance Act 2004 Sch 28 para 11.

Once assets or sums have been so designated, any income, gain or replacement assets are similarly regarded.

"Funds (whether sums or assets) held under a money purchase arrangement that have been 'designated' to provide a scheme member (who is aged [77] or over) with an alternatively secured pension, as identified in paragraph 11 of Schedule 28 to the Finance Act 2004. Once sums or assets have been 'designated' as part of an 'alternatively secured pension fund' any capital growth or income generated from such sums or assets are equally treated as being part of the 'alternatively secured pension fund'. Similarly, where assets are purchased at a later date from such funds, or 'sums' generated by the sale of assets held in such funds, those replacement assets or sums also fall as part of the 'alternatively secured pension fund' (as do any future growth or income generated by those assets or sums)." (HMRC manual RPSM glossary).

### **Alternative Means of Gaining Assurance (AMOGA)**

Customs term for a range of control activities which aim to test a trader's compliance with requirements but do not involve a full audit. Examples

include checking records or visiting some premises.

**alternative minimum tax (AMT)**

In USA, a requirement that individuals must pay a minimum amount of tax however low their taxable income becomes.

**alternative name**

Under company law, a name other than its actual name by which an **overseas company** plans to carry on business in the UK (Companies Act 2006 s1048(1)).

**alternative offence**

Where a person is charged with two offences but only convicted of one. On an appeal, the Court of Appeal has power to dismiss one offence but to convict of the other under Criminal Appeal Act 1968 s3.

**alternative order**

When an instruction is given to follow one of two alternatives. A common example is an order for **securities** where a **limit price** is quoted with an instruction to buy or sell at that limit price.

**alternative payment arrangements**

In relation to social security, an arrangement whereby the usual payment arrangement is not followed. Common examples are paying some benefits to the claimant's landlord as a means of protecting the tenancy, and paying joint benefits separately to the partners where the relationship is breaking down.

Such an arrangement is likely to be considered for a claimant in **high likely need** and may be considered for a claimant with **less likely need**.

The three types of arrangement are:

- to be paid twice or even four times a month, instead of once
- for some of the payment to be made direct to a landlord
- for payment to a couple to be split between them.

Arrangements are most likely to be agreed for claimants:

- with rent arrears or facing eviction
- with severe debt problems
- who have difficulty reading or with simple mathematics
- who have a learning difficulty or mental health condition
- who have an addiction to alcohol, drugs or gambling
- who are under 18
- who are care leavers
- who are homeless or in temporary accommodation
- who are or were suffering domestic violence
- who are in a family with complex needs.

**alternative penalty**

For VAT, a stricter penalty that may apply where there is an intention to deceive HMRC (Value Added Tax 1994 s72).

**alternative place of presentment**

Place other than a bank's normal place of business which it has advertised as a place where cheques may be presented for payment (Bills of Exchange Act 1882 s74A).

<b>alternative pleading</b>	When a person offers two or more defences to a charge, each of which is not compatible with another.
<b>alternative proportion</b>	For corporation tax, term used in relation to distributions on shares with limited rights (Corporation Tax Act 2010 s170).
<b>alternative receipt</b>	<p>Term used for a benefit that is offered to a shareholder as an alternative to a cash dividend. The alternative is usually a capital payment that either avoids tax or incurs it at a lower rate.</p> <p>From 6 April 2015, an alternative receipt is taxed as income on the amount of the dividend it replaces.</p> <p>The law is Income Tax (Trading and Other Income) Act 2005 s396A as inserted by Finance Act 2015 s19.</p>
<b>alternative style</b>	In local government, the provision whereby a <b>parish council</b> may use the words community, neighbourhood or village in its name (Local Government Finance Act 1972 s17A).
<b>alternative verdict</b>	Verdict of not guilty for the offence charged but guilty of a lesser offence, not specifically charged. This is permitted if there is insufficient evidence for the more serious charge.
<b>alternative vote</b>	<p>Electoral system whereby if an elector's first choice is eliminated, the vote is transferred to the next candidate on the list.</p> <p>This proposal for general elections was rejected in a referendum in 2011.</p>
<b>alternative work</b>	<p>Work other than that which an employee normally does but which is offered when the employee cannot do his or her normal work.</p> <p>An employer should try to make such an offer to avoid the employee being made redundant or being suspended on maternity grounds (Employment Rights Act 1996 s67).</p>
<b>alternative workplace</b>	In human resources, any site other than the employer's premises where an employee is allowed to perform his or her duties.
<b>alternis vicibus</b>	Latin: alternately.
<b>alterum tantum</b>	Latin: as much more.
<b>Alt-Tab</b>	Switch between computer programs running together. In Windows this is done by using these two keys.
<b>ALU</b>	Arithmetic logic unit; part of the central processing unit of a computer.
<b>alum</b>	<p>Class of chemical compounds based on hydrated potassium aluminium sulphate, of which the commonest has the formula <math>KAl(SO_4)_2 \cdot 12H_2O</math>. It has a wide range of commercial applications including as astringent, water purification, cosmetics and medicine.</p> <p>Profits from alum mines are specifically listed as being taxable trade</p>

profits (Corporation Tax Act 2009 s39(4)(b); Income Tax (Trading And Other Income) Act 2005s12).

The rent received is taxable under Corporation Tax Act 2009 s270.

<b>ALV</b>	<b>Arvonlisävero</b> , Finnish for “value added tax”.
<b>ALVA</b>	Association of Leading Visitor Attractions.
<b>ALVS</b>	<b>Automatic Licence Verification System.</b>
<b>always afloat</b>	Contract term often included when chartering vessels. It requires the ship's master to ensure that the vessel is always in sufficient water to remain afloat, even when berthed at low tide.
<b>am</b>	Ante meridian, the morning.
<b>A &amp; M</b>	<b>Accumulation and maintenance</b> trust.
<b>AMA</b>	<b>(1) Advanced measurement approach.</b> (2) Abbreviation: against medical advice.
<b>a majori [ad minus]</b>	Latin: from the greatest [to the least].
<b>amalgamation</b>	Process of putting things together, such as when two bodies combine to make one larger body. The term is usually restricted to non-commercial bodies such as trade unions and professional bodies. For commercial bodies, it is more common to talk of a <b>merger</b> , though international tax prefers the word amalgamation. For company law, the term means a merger of two companies that involves changing their capital structure. Details are given in Companies Act 2006 from s900. There are many specific corporation tax rules to prevent amalgamation being used for tax avoidance, particularly with regards to loss relief and capital allowances.
<b>amani</b>	Gold coin issued by Afghanistan, that may be a <b>gold investment coin</b> for VAT purposes.
<b>AMAP</b>	<b>Approved mileage allowance payment.</b>
<b>amateur status</b>	Status as non-professional, particularly in sport. This distinction was once more important than now. For example, it was a significant factor in the case <i>Jarrold v Boustead</i> [1964] 41TC701 that allowed a signing-on fee for a <b>Rugby</b> player not to be taxed as employment income.
<b>AMBA</b>	Association of MBAs.
<b>ambassador</b>	Diplomatic agent resident in a foreign country. Ambassadors have <b>diplomatic immunity</b> , which means they are generally exempt from obeying laws, paying taxes or being sued in the host

country. The usual sanction for misconduct is for the Foreign Office to expel them.

**amber light** Colloquial term for a warning to investors of possible problems in a company. The term comes from traffic lights.

**ambience** Those aspects of premises that create a type of atmosphere conducive to attracting custom.

Such expenditure can qualify as plant as explained in *IRC v Scottish & Newcastle Breweries Ltd [1982] STC 296, 55 TC 262*. In this case, expenditure included decor, murals and sculptures.

**ambient findability** Being able to find anything from any place at any time. The term often refers to the facilities now available on the Internet.

**ambiguitas verborum patens nulla verificatione excluditur**

Latin: a patent ambiguity in the words of a written instrument cannot be cleared up by evidence extrinsic to the instrument.

**ambiguity** Uncertainty of meaning of words in a document.

Ambiguity is patent when it arises from the document (such as leaving a payee's name blank on a cheque) or latent when it arises from external factors.

**ambivert** Human resources term sometimes used to mean a person who is neither extrovert nor introvert.

**Am Boòrd** Gaelic: **Statistics Board**

**ambulance**

**VAT: general**

Vehicle that is specially designed for the transport of the sick or injured. Such a vehicle is exempt from VAT.

VAT notice 701/1 states that the ambulance must have a lift or ramp to raise a person on a stretcher, and have clamps to secure a person in transport. An ambulance does not have to be a road vehicle, so a suitable helicopter or boat may qualify.

An ambulance that can carry ten or more people is zero-rated under Value Added Tax Act 1994 Sch 8 Group 8 Item 4. In the case, it was held *Jigsaw Medical Services Ltd [2017] TC5986*, it was held that an ambulance still qualified if it had equipment for the disabled fitted which reduced its capacity below ten people.

**VAT: charity funded equipment**

For VAT on **charity funded equipment**, an ambulance is as described in VAT notice 701/6.

**Taxable benefit of emergency car**

The use of an **emergency car** as an ambulance is (from 6 April 2004) is not a taxable benefit in kind (Income Tax (Earnings And Pensions) Act 2003 s248A).



<b>ambulance chaser</b>	Aggressive lawyer who touts for personal injury work. The term dates back to 1897.
<b>ambulatoria est voluntas defuncti usque ad vitae supremum exitum</b>	Latin: the will of a deceased person is ambulatory until the latest moment of life. This means that a person may change his or her will up to the moment of death.
<b>ambulatory</b>	Capable of change during a person's lifetime. A <b>will</b> is ambulatory.
<b>ambush marketing</b>	When a product or service is marketed at an event by the unilateral action of an advertiser contrary to the intention of the event organiser. An example is when sport competitors appear in branded clothing at an event where marketing rights have already been agreed.
<b>AMC</b>	(1) <b>Agricultural Mortgage Corporation.</b> (2) Annual management charge.
<b>AMD</b>	<b>ISO code</b> for Armenia dram.
<b>AME</b>	Annually managed expenditure, HM Treasury term.
<b>ameliorating waste</b>	American term for where a person performs an unlawful act on someone else's property which <i>increases</i> its value, such as when a tenant improves a property without the landlord's permission.
<b>amelioration</b>	Gradual reduction of something, a process similar to <b>depreciation</b> .
<b>amend</b>	Any body that has the power to make a law has the <b>implied power to amend</b> , revoke or re-enact the law (Interpretation Act 1978 s14).
<b>amendment</b>	Correction of an error, particularly in legal proceedings. A minor error may be corrected by the court. In law, a change to a detail in a previous enactment.
<b>amendment programme</b>	Programme that HMRC may require a <b>high volume agent</b> to make to deal with inflated expense claims.
<b>a mensa et thoro</b>	Latin: from table and bed. Description of a judicial separation of a married couple.
<b>amercement</b>	Financial penalty imposed in Middle Ages that served a similar purpose to taxation.
<b>American Association of Individual Investors (AAII)</b>	Association based in Chicago to assist individual investors.

**American Bar Association (ABA)**

National body for American lawyers.

**American Cyanamid**

Case in which Lord Diplock set down the principles for granting an injunction. The full name of the case is *American Cyanamid Co v Ethicon Ltd [1975] AC 396*.

The principles are:

- is there a serious issue to be tried?
- would damages be an adequate remedy?
- where does the balance of convenience lie?

These principles were followed in the case *Biffon v HMRC [2016] QBD*, where an injunction was granted to a taxpayer to stop HMRC taking enforcement action.

**American depositary receipt (ADR)**

Document issued by an American bank to its citizens making them unregistered shareholders in foreign companies. Possession of an ADR entitles the holder to receive dividends. The ADR may itself be traded as a security.

**American Express**

Bank, and in particular the **charge card** that it provides. It is not possible to pay tax with this card.

**American Federation of Labour and Congress of Industrial Organisations (AFL-CIO)**

American federal body for trade unions formed in 1955 by the amalgamation of two rival bodies. It represents 54 American and Canadian trade unions.

**American Institute of Certified Public Accountants (AICPA)**

The main body in the United States for qualified accountants.

**American option**

**Option** which may be exercised at any time *up to* the expiry date, whereas most options in Europe may only be exercised *at* or after expiry date.

**American roulette**

This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of **gaming licence duty**.

**American selling price**

System whereby certain goods imported into the USA are assessed on their US selling price rather than import value. The system particularly applies to benzenoid chemicals and dyestuffs.

**American Standard Code for Information Interchange (ASCII)**

Standard system of representing letters and other characters by a number for computers.

**American Stock Exchange**

Old name for **New York Stock Exchange**. It is now applied to the second largest exchange formerly known as the New York Curb Exchange. It is tiny in comparison with the New York exchange.

**American style option**

A **traded option** but where the buyer can exercise the option at any time before the expiry date.

<b>American style warrant</b>	A warrant that can be exercised at any time until expiry.
<b>Amero</b>	Name for proposed currency to be used in the North American Free Trade Area (NAFTA), namely Canada, United States and Mexico. It was modelled on the <b>euro</b> , but it never happened.
<b>AMEX</b>	<b>American Stock Exchange.</b>
<b>AMHB</b>	<b>Appropriate maximum housing benefit.</b>
<b>AMHP</b>	Approved mental health professional.
<b>AMI</b>	Association of Mountaineering Instructors.
<b>Amicable Grant</b>	Wealth tax imposed in 1524 after a war with France.
<b>amicus curiae</b>	Latin: friend of the court. A person who gives advice to the court on any matter in doubt.
<b>Amigo</b>	Company that offers loans of up to £10,000 to people with poor credit records, provided they have a guarantor. The company floated on the stock exchange in June 2018.
<b>a minori [ad majus]</b>	Latin: from the less [to the greater].
<b>AML</b>	Anti-money laundering, a Treasury set of policies.
<b>AMLCD</b>	Active matrix liquid crystal display.
<b>ammonium nitrate</b>	Restricted substance. It can be present in fertiliser which may need an Exemption Certificate or Detonation Resistance Test Certificate as a condition of obtaining Customs clearance.
<b>ammunition</b>	Items in the list of <b>explosives</b> for which there may be special Customs provisions (Explosives Act 1875 s3(1)). Customs may seize any ammunition brought into the country. Under criminal law, the term “means ammunition for any firearm and includes grenades, bombs and other like missiles, whether capable of use with a firearm or not, and also includes prohibited ammunition” (Firearms Act 1968 s57(2)).
<b>amnesty</b>	Period in which a person may correct a failing or admit an offence without risk of penalty. An amnesty is wider than a <b>pardon</b> which relieves a person of penalty but not guilt. The UK has not had tax amnesties as such, but it has on occasions allowed for voluntary disclosures in return for a reduced penalty.
<b>AMOGA</b>	<b>Alternative Means of Gaining Assurance.</b>
<b>à moitié</b>	French: by halves

- à mon avis** French: in my opinion.
- amortisation** Alternative spelling of **amortization**, preferred in UK standards.  
“The systematic allocation of the depreciable amount of an asset over its useful life” (FRS 102 glossary).  
“Process of writing off the cost of an intangible asset over its useful life” (OECD glossary of tax terms).  
In practice, the term has the same meaning as **depreciation**, though it is often preferred for intangible assets.
- amortisation method** Term for computing a credit for VAT purposes where investment goods are purchased which have a useful life of more than one year. It is not used in the UK.  
“Method of computing a credit under a VAT regime where investment goods are purchased which have a useful life in the business for a period exceeding one year. The tax embodied in the price paid for the assets may be credited to the trade over a period of years corresponding to the life of the assets” (OECD glossary of tax terms).
- amortised cost basis** Term used in connection with **loan relationship**. It is defined in Corporation Tax Act 2009 s313.
- amortised cost of a financial asset or financial liability**  
“The amount at which the financial asset or financial liability is measured at initial recognition minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability” (FRS 102 glossary).  
An identical definition is given in International Accounting Standard IAS 39 para 9.
- amortization** Any process whereby one sum is spread over several areas.  
By convention, this term is used instead of **depreciation** for reducing the value of intangible assets such as goodwill, though the processes are identical.  
In this context, an official definition is “the systematic allocation of the depreciable amount of an asset over its useful life” (IAS 36 para 6; IAS 38 para 8). [The IAS spells the word with an S instead of a Z.]  
**Absorption costing** is another form as this allocates overheads to **units of production**.  
Amortization is also used as the term for the annual charge of writing off **acquired goodwill**. For corporation tax, goodwill may be amortized at 4% a year on the straight line basis.  
The term can also be used to mean repayments of a **loan**.
- amortization period** Period over which an amount is **amortized**, particularly in a lease.

<b>amortization schedule</b>	Schedule which summarises the dates on which amounts must be paid against a loan.
<b>amortized</b>	This word is usually spelled as <b>amortised</b> .
<b>amortizing cap</b>	Interest rate cap on a reducing principal of a loan.
<b>amortizing collar</b>	Upper and lower limits on interest rates for a reducing principal of a loan.
<b>amortizing mortgage</b>	Another term for the normal <b>repayment mortgage</b>
<b>amortizing option</b>	An option in which the <b>notional principal</b> reduces over the life of the option,
<b>amortizing swap option</b>	A <b>swap option</b> in which the <b>notional principal</b> reduces over the life of the swap option.
<b>AMOS</b>	American Stock Exchange Options Switching System.
<b>amotion</b>	Removal from office.
<b>amount</b>	(1) General term for a quantity of money. (2) In the USA, a sum purchased or sold in <b>Gift Fund Pools</b> as a result of a contribution or other activity.
<b>amount at risk</b>	(1) In investment, the difference between the forced sale value of a lender's security and the principal owed to the lender,. (2) In insurance, the amount of an insured risk which is not covered by the insurer's reserves allocated to such risks.
<b>amount foregone</b>	In relation to <b>optional remuneration arrangements</b> , this term has a specific meaning given in Income Tax (Earnings and Pensions) Act 2003 s69B as inserted by Finance Act 2017 Sch 2.
<b>amount of insignificant value</b>	In relation to withdrawal of community interest tax relief, "means an amount of value which — (a) is not more than £1,000, or (b) if it is more than £1,000 is insignificant in relation to the average capital balance of the loss for the year of the 6 year period in which the value is received" (Corporation Tax Act 2010 s246(5)).
<b>amount of the surrendered loss</b>	In relation to losses for research and development by small and medium-sized companies, the term "for the period means the amount of the <b>Chapter 2 surrenderable loss</b> in respect of which the company claims an R & D credit for the period" (Corporation Tax Act 2009 s1062(3)).
<b>amount of the surrendered mainstream loss</b>	In relation to corporation tax in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357QD(4)(b).

**amount of the surrendered Northern Ireland loss**

In relation to corporation tax in Northern Ireland, this term is defined in Corporation Tax Act 2010 s357QD(4)(a).

**amount of the total pre-2013 pool**

In relations to ring-fence profits for oil and gas companies, this term is defined in Corporation Tax Act 2010 s328A(4).

**amount of the total pre-2013 reduction**

In relation to ring-fence profits for oil and gas companies, this term is defined in Corporation Tax Act 2010 s328A(5).

**amount of the VAT**

Value Added Tax 1994 s72 gives this term a specific (if obvious) meaning in relation to calculatng penalties.

**amount outstanding in respect of the loan**

In relation to corporation tax on loan relationship in Northern Ireland, this term is given a specific meaning in Corporation Tax Act 2009 s318(5) as amended by Finance (No 2) Act 2015 Sch 7.

**amount realised**

American term for a profit or loss realised from trading.

**amount realised on the sale**

In relation to sale of trading stock to a connected person, the term "means the value of the consideration given for the transfer" (Income Tax (Trading and Other Income) Act 2005 s181(2).

Corporation tax provisions are given in Corporation Tax Act 2009 s170(1).

**amounts differ**

Words written on a cheque which cannot be honoured because the amount expressed in words and the amount expressed in numbers do not agree.

**amounts received by way of refund**

In relation to capital allowances and leases, this term is given a specific meaning in Capital Allowances Act 2001 s228C(6).

**amounts recognised for accounting purposes**

In relation to financial derivatives, the term is defined in Corporation Tax Act 2009 s599.

**amount TPI**

Amount of taxable pension income (Income Tax (Earnings And Pensions) Act 2003 s567A(1)(a)).

**AMP**

**Asset management plan.**

**AMRA**

Access To Medical Records Act 1988.

**AMRC**

Association of Medical Research Charities.

**Amsterdam Interprofessional Market (AIM)**

Market established in 1986 by banks, commission houses and other financial

institutions to transact large amounts of business without using brokers.

**Amsterdam Stock Exchange** Stock Exchange based in Amsterdam. It was founded in 1602 and claims to be the world's oldest.

**AMT** (1) **Alternative minimum tax.**  
(2) Advanced manufacturing technologies.

**amusement machine licence duty**

Tax charged on gaming machines and other **amusement machines**. The tax was known as gaming machine licence duty before 1 November 1995 when the scope of machines covered was expanded.

The tax is charged under Betting and Gaming Duties Act from s13 as amended.

The tax is collected by requiring payment of a licence for a period of between one and 12 months.

**amusement machines**

Most types of amusement machine (fruit machines, video games, pinball machines and quiz machines) require licences. There are exemptions for some types of machine.

Gaming machine licence duty was extended to amusement machines from 1 November 1995 by Finance Act 1995 s14.

For VAT purposes, it is a machine "in which there is no prize in any circumstances, or the prize is dependent purely on the player's level of skill or knowledge such as quiz machines" (VAT notice 701/13). They are not regarded as **gaming machines**.

**amusement tax**

In international taxation, any tax on any form of entertainment.

**analog**

American spelling of **analogue**.

**analogical reasoning**

Process by which a phenomenon or computer system is tested using only that phenomenon or system.

**analogue**

Representations of value by a continual variable, such as a needle on a dial. The term also describes an old form of computer which uses analogue technology. The alternative and more modern form of representation is **digital**.

**analyser**

Human resources term for a business which concentrates on risk management and so can innovate while avoiding excessive risk.

**analysis**

Process of determining the constituent parts of something. In finance, this usually means apportioning income and expenditure into categories.

**analysis of expenses**

An entity "shall present an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant" (FRS 102 section 5.11).

The paragraph provides further information about the two

classifications.

**analysis of variance**

Technique of determining how much of a **variance** may be ascribed to a particular cause. The term is sometimes abbreviated to **anova**.

This is a **statistical test** which checks a **mean** against a **sample**. The process involves identifying the factors which could affect the variance, and determining by how much each factor affects the variance if at all.

The process also usually requires consideration of **sampling error**. If all the factors can be attributed to sampling error, there is no variance.

**analyst**

Person who studies something with a view to determining how it functions.

In finance, someone who examines stock markets or industry sectors to make buy or sell recommendations about buying and selling. These are arrived at through a combination of research, economic statistics. Larger firms of analysts also visit the companies themselves.

**analytical engine**

Mechanical device invented by Charles Babbage in 1833, and generally regarded as the world's first computer.

**analytical estimating**

Estimating something from adding estimates of its parts, such as estimating the time for a job by estimating (or guessing) the time for each element.

**analytical graphics**

Charts, graphs and similar documents produced by a computer to analyse data.

**analytical procedures**

In auditing, "evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount." (FRC Auditing Standards and Guidance glossary).

The standard on analytical procedures is International Standard on Auditing ISA 520.

**analytical thinking**

In human resources, the ability to analyse facts, generate a comparison, and draw appropriate conclusions.

**analytic income tax**

In international taxation, any system that analyses income as part of the process of taxing it. The UK has analytic income tax.

**ananke**

A necessity. The word come from Greek.

**a natura rei**

Latin: from the nature of the case.

**ancestor**

Person from whom someone is descended through either the paternal or maternal side. Some tax and other law refers to ancestors.

**anchor store**

Major retailer who brings customers to an area who then spend money in other outlets. The term is widely used in town planning.



<b>anchor unit</b>	Town planning term for a significant retail development which attracts smaller retailers to an area. An anchor unit is usually one of the major supermarkets.
<b>ancient documents</b>	Documents which are at least 20 years old. If properly produced and otherwise free from suspicion, their reliability may generally be assumed. The period was 30 years before 1938.
<b>ancient lights</b>	Legal principle that if light has been enjoyed by a building for at least 20 years, nothing may be built which removes that right. It was formalised in Prescription Act 1832. The right is a form of <b>easement</b> .
<b>ancient monument</b>	Monument which is considered by the Secretary of State to have sufficient historical significance to justify protection on broadly the same basis as <b>listed buildings</b> . Certain work on ancient monuments is zero-rated for VAT.
<b>ancients</b>	Former name of older barristers in an Inn of Court. Certain barristers of Middle Temple retain the title for dining purposes.
<b>ancillary capital expenditure</b>	In relation to cemeteries and crematoria, this term is defined in Income Tax (Trading and Other Income) Act 2005 s169(4).
<b>ancillary credit business</b>	Business which includes credit brokerage, debt adjusting, debt counselling, debt collection, credit reference and similar.
<b>ancillary jurisdiction</b>	In USA, jurisdiction assumed by federal courts beside those of district courts, particularly when used as a matter of convenience to litigants.
<b>ancillary probate</b>	Grant of probate to an executor appointed by a foreign jurisdiction to let the executor deal with assets in the UK.
<b>ancillary relief</b>	Relief sought by a defendant in addition to the main relief, such as requesting an injunction to prevent further loss in addition to damages for the main loss.
<b>ancillary restraint</b>	Restriction that is imposed as part of a larger transaction.
<b>ancillary trade</b>	Second trade that may be regarded for tax purposes as a separate trade, even though it supports the main trade. A leading case on this is <i>Reid's Brewery Co Ltd v Male [1891] 3TC279</i> . This held that a brewery carried on an ancillary trade of lending money to its tenants. Accordingly expenses of money-lending were tax-deductible as a revenue expenses. The matter is discussed in the Inspectors' Manual at BIM37753.
<b>ANCT</b>	<b>Assumed notional council tax.</b>
<b>and</b>	This conjunction has been considered in several court cases. In the construction "adjective noun and noun", it has been held that the adjective applies to both nouns. So "fixed plant and machinery" meant fixed

plant and fixed machinery, not fixed plant and any machinery.

This was followed when VAT was introduced for “hot takeaway food and drink”. This means hot takeaway food and hot takeaway drink.

For tax law, a **comma** does not disapply the adjective. This was held in the case *Ross Young Holdings Ltd [1996] VTD 13972*. Value Added Tax 1994 Sch 8 Group 1 Excepted Item 1 disapplies the zero-rating food to “ice cream, ice lollies, frozen yogurt, water ices and similar frozen products”. The company produced a new product that was similar to ice cream but not similar to a water ice. The issue was whether the words “and similar products” applied to everything in that list or just to “water ices”. It was held that it applied to everything in that list. It would have done so even if there had been a comma [known as an Oxford comma] before the word “and”.

**and company**

Words often written on a cheque.

These words, or “and co”, when written on a cheque between two parallel lines constitute a **general crossing** of the cheque (Bills of Exchange Act 1882 s76(1)).

**Andean Pact**

Association established in 1969 by Columbia, Ecuador, Peru and Venezuela to enhance economic co-operation.

**Anderson, Sir John**

English politician (1882-1958) who was Chancellor of the Exchequer from 24 September 1943 to 26 July 1945 under the coalition government of Winston Churchill. He was elected as a non-party politician by the Scottish Universities.

Before becoming Chancellor, he was Lord Privy Seal, in which role he developed the Anderson air-raid shelter named after him.

**and his heirs**

Term added to wills, deeds and other documents to indicate that the rights of a person pass to his descendants if the person dies before he or she can inherit.

**Andorra**

A small principality between Spain and France, governed jointly by the President of France and Bishop of Urgell.

Andorra is not a member of the European Union but has various special agreements. These includes being part of the **mutual assistance recovery directive** (Finance Act 2004 s322). The UK has no tax treaty.

It uses the **euro** as its currency.

**Andover workhouse scandal**

Scandal discovered in 1834 of abuse and starvation of residents at Andover workhouse. It led to workhouses being more closely scrutinised.

**anecdotal evidence**

Evidence gathered other than from a systematic approach, such as from personal observations. In most applications, anecdotal evidence has no function other than to suggest where systematic evidence gathering may be appropriate.

**anelw**

Welsh: loss

**anent**

Scottish term which means pertaining to or in line with.

- anergy** Opposite to **synergy**. It means the situation where a business merger creates a combination which is worth *less* than the sum of its parts.
- ANG** **ISO code** for Netherlands Antilles guilder.
- angary** The right of a party in war to seize property belonging to a non-combatant, provided compensation is paid.
- angel** *Investor*  
Private investor who invests in a business which is too small to attract investment from **venture capital** sources or **banks**. Angels fill the **equity gap** for such businesses.  
For income tax, angels may be able to claim their investments as trading profits or losses under extra-statutory concession A94.
- Coin*  
English gold coin first minted in 1465 with a value of 6 shillings and 8 pence, one third of a pound. The coin was minted until the reign of Charles I.
- angels' share** Colloquialism for alcoholic **spirit** lost by evaporation.
- angle** In publishing and other forms of communication, the approach adopted in how a matter is reported.  
This is done by identifying the single most important or most newsworthy aspect to a matter and then deciding how to report it.
- Anglo-American Council on Productivity**  
Body set up immediately after the second world war to see how far American methods of boosting productivity could be applied in the UK.
- Anglo-French Entente** Convention agreed on 8 April 1904 between Britain and France which settled all colonial and other disputes then existing.
- Anglo-Brewing** Tax principle that a payment for winding up a business is not deductible from trading profits.  
The name comes from the case *Anglo Brewing Co Ltd [1925] 12 TC 803*. It is discussed in the Inspectors' Manual at BIM 42955.
- Anglo-Hanoverian coinage** Coins of Brunswick-Luneberg, Hamburg produced between 1714 and 1837. When the Duke of Brunswick-Luneberg became King George I of Great Britain in 1714, he retained his German dukedom. As a result these coins show British monarchs. This arrangement ended in 1837 when Victoria became Queen of Britain but was barred from being a German Duke.
- Anglo-Irish Free Trade Agreement**  
Agreement made from 1 July 1966 under which the UK ceased charging protective duties on goods from the Irish Republic. This has now been superseded by the European Union.

- Anglo-Russian Entente** Convention agreed on 31 August 1907 between Britain and Russia, which defined their relative spheres of influence in Persia and other countries.
- Angola** African country. Currency is the **kwanza**. UK has no tax treaty.
- Anguilla** British colony since 1650, apart from 1967 to 1980 when it was part of St Kitts and Nevis. Its currency is the East Caribbean dollar.
- animal**
- General**  
Any creature that breathes and is not human.  
The term includes birds, insects, fish, mammals and reptiles.  
For **herd basis**, the term “means any animal or other living creature” (Corporation Tax Act 2009 s110(1)(a) and Income Tax (Trading and Other Income) Act 2005 s112(1)(a)).  
For compensation for compulsory slaughter “animal means any animal or other living creature” (Income Tax (Trading and Other Income) Act 2005 s225ZG).
- Value added tax**  
For VAT purposes, live animals are zero-rated if:
- used as food for human consumption;
  - yield food for human consumption; or
  - produce food for human consumption.
- Thus pigs, cows and bees are respectively zero-rated.  
For zero-rating for food, “animal includes bird, fish, crustacean and mollusc” (Value Added Tax 1994 Sch 8 Group 1 Note 2).  
Feeding stuff for working animals is generally zero-rated under *ibid* Sch 8 Group 1 General Item 2. Food for other animals, such as pet food, is generally standard-rated under *ibid* Excepted Item 6.  
Animals for other purposes, such as pets, racing pigeons and work horses, are standard-rated. Details are given in VAT notice 701/15.
- Customs**  
For Customs purposes, pet animals may only be brought in with travellers if they either comply with the PETS scheme or are quarantined upon arrival. Pets passports are available for cats, dogs and ferrets.  
Pet birds must be licensed by Animal Health.  
Endangered species may generally not be imported unless the holder has a **CITES** permit.
- Income and corporation tax**  
There are some special tax provisions for **farm animals**.  
Animals kept for a trade are usually treated as **stock** (Income Tax (Trading And Other Income) Act 2005s30 and Corporation Tax Act 2009 s50).  
This does not apply if the animal is kept for working in the trade (eg cart horse), public exhibition or racing. They are also not treated as stock if on a farm where the **herd basis** is used.  
A capital allowance may not be claimed for an animal (Capital Allowances Act 2001 s38).

The tax treatment for compensation for compulsory slaughter of animals is given in Income Tax (Trading and Other Income) Act 2005 s225ZA, with effect from 1 March 2012.

A working animal, such as a cart horse, is treated as plant. This was determined in the case *Yarmouth v France* [1887] which is widely regarded as the definition of "plant" for all capital allowance purposes.

For the purposes of theatrical productions tax relief, a performance that uses a wild animal does not qualify for the relief (Corporation Tax Act 2009 s1217FB(1)(c)). The definition of animal for these purposes "means a vertebrate other than man" (Animal Welfare Act 2006 s1(1)). A vertebrate "means any animal of the Sub-phylum Vertebrata of the Phylum Chordata" (ibid s1(5)).

### **Capital gains tax**

Animals are a wasting asset. Therefore there is no capital gain or capital loss on their disposal.

### **VAT flat rate scheme**

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

From	Percentage
<b>4 January 2011</b>	12%
<b>1 January 2010</b>	10.5%
<b>1 December 2008</b>	9.5%
<b>1 January 2004</b>	10.5%

### **animal fat**

"Means a triglyceride of animal origin" (Hydrocarbon Oil Duties Act 1979 s23C(5)(c)).

### **animal feeding stuff**

This is zero-rated for VAT under Value Added Tax 1994 Sch 8 Group 1 item 2. The exact scope is given in VAT notice 701/15.

### **animal food**

Term used in VAT notice 701/15 in determining what items are standard-rated.

### **Animal Health Imports Controls**

Many types of live animal and animal products are subject to health controls on import to the European Union (EU). Animals susceptible to rabies are subject to health controls on entry to the UK, even if they arrive from other EU Member States (except the Irish Republic). In the UK, all animal health controls are enforced by the Department of the Environment, Food and Rural Affairs (DEFRA).

### **animal rearing**

For VAT, this is generally regarded as a single standard-rated supply. It is not possible to strip out and zero-rate supplies of feedstuffs. Cases include *D D Scott. QB* [1977] *STC* 191 and *A R M Smith* [1987] *VTD* 2954.

**animal research organisation** There are special provisions against interfering with the work of such an organisation (Serious Organised Crime and Police Act 2005 ss145-146). The organisation is defined in *ibid* s148.

Because of violent action against directors and employees of such bodies, company law was changed to allow directors to conceal their home addresses at Companies House.

**animation** For the purposes of television production relief, "a drama or documentary that includes animation is to be treated as animation if the core expenditure on the completed animation constitutes at least 51% of the total core expenditure on the completed programme" (Corporation Tax Act 2009 s1215AC(3)).

**animo et facto** Latin: by mind and deed.

In tax, the term is particularly used for a **domicile of choice**. [The expression is sometimes given as *factor et animo*.]

**animo et fide** Latin: by courage and faith.

**animus** Latin: soul, spirit. Used to mean a person's intention.

**animus cancellandi** Latin: the intention of cancelling.

**animus dedicandi** Latin: the intention of dedicating.

This term was used when an owner of land appeared to dedicate it to public use under common law.

**animus deserendi** Latin: the intention of deserting [a spouse].

**animus et factum** Latin: intention and act.

These are the usual two ingredients necessary for something to be a crime.

**animus furandi** Latin: the intention of stealing.

**animus in consuiendo liber** Latin: a mind unfettered in deliberation. This is the motto of NATO.

**animus manendi** Latin: the intention of remaining.

**animus quo** Latin: the intention with which.

**animus revertendi** Latin: the intention of returning.

**animus revocandi** Latin: the intention of revoking, particularly a will.

**animus testandi** Latin: the intention of making a will.

**Ankara agreement** Agreement reached in 1995 which ensures that no customs duties or other import taxes are charged on goods exported between Turkey and the

	European Union.
<b>anker</b>	Ancient wine measure, around 8½ gallons but subject to considerable variation.
<b>ANL</b>	Automatic noise limiter; device used in some electrical appliances.
<b>ANM</b>	Association of Natural Medicine.
<b>anna</b>	Old coin used in India until 1957 and in Pakistan until 1961. It was worth 1/16 of a rupee.
<b>annates</b>	First fruits. At various times in history these have been payable as a tax to the Pope, the Crown or to Queen Anne's Bounty. All these provisions were ended on 16 July 1926.
<b>Anne</b>	Queen of Great Britain from 1702 to 1714.
<b>année courante</b>	French: this year.
<b>annealing and pickling plant</b>	Part of Royal Mint where blanks to make coins are softened and cleaned.
<b>annexation</b>	In international law, the acquisition by one state of territory, usually by occupation or conquest. Annexation is generally now regarded as illegal, even when it arises from self-defence.
<b>annexe</b>	<p>An extension of an existing building, particularly when it is intended for a specific purpose.</p> <p>There have been many VAT cases on whether construction represents a new build or an annexe, often with huge amounts of tax at stake.</p> <p>For council tax, an annexe to a dwelling is usually regarded as a separate taxable unit of accommodation. Where this is occupied by a relative of the main occupant, this may be subject to a 50% discount, or be treated as part of the main residence. The detailed provisions are in SI 2013 No 2977.</p>
<b>anni nubiles</b>	<p>Latin: the age of marriage of a woman.</p> <p>Since Marriage Act 1949, this is 16, though under the common law it was 12.</p>
<b>anniversary date of the contract</b>	Term used in relation to the taxation of corporate members of Lloyd's (Finance Act 2012 s25(4)).
<b>Anniversary Games</b>	Sporting event held at the Olympic Stadium in London from 24-26 July 2015. Participants may benefit from a tax exemption provided by Finance (No 2) Act 2015 s30.
<b>anniversary rate</b>	Rate of inheritance tax used for the most recent <b>ten-yearly charge</b> payable by certain trusts. This rate is used to calculate the <b>exit charge</b> for such trusts. This is done by multiplying the anniversary rate by the number of quarters (three-

month periods) that have elapsed since the ten-yearly charge was last paid, and dividing by 40.

<b>anno ante Christum</b>	Latin: in the year before Christ.
<b>anno Christi</b>	Latin: in the year of Christ. This is the same as <b>anno Domini</b> .
<b>anno corrente</b>	Latin: this year.
<b>anno Domini (AD)</b>	Latin: in the year of our Lord. The current system of dating years.
<b>anno regni</b>	Latin: in the year of the reign.
<b>annotation of the register</b>	Additional material that the Registrar of Companies is allowed or required to add to the records of a company held at Companies House (Companies Act 2006 s1081).
<b>annual</b>	Every year.
<b>annual accounting</b>	<p>VAT scheme whereby a trader may elect to make one VAT return a year. The trader makes nine monthly payments by direct debit, each of which is equal to 10% of estimated annual VAT.</p> <p>Within two months of the end of the year, the trader must make the return and pay the balance. There is an upper threshold above which the scheme may not be used. There is a separate scheme known as <b>lower limit annual accounting</b>.</p>
<b>Annual Accounting Scheme</b>	This allows the submission of just one VAT Return each year. Traders who are approved to use this scheme can make nine monthly payments which can be made payable by direct debit (based on an estimate of the amount of VAT due) and then send an annual return with a tenth balancing payment.
<b>annual accounts</b>	Financial statements which a body is required to produce each year.
<b>annual accounts</b>	“(a) the company’s individual accounts for that year..., and (b) any group accounts prepared for that year....” (Companies Act 2006 s471(1)).
<b>annual accounts and reports</b>	<p>For an unquoted company, these are:</p> <ul style="list-style-type: none"><li>“(a) its annual accounts,</li><li>(b) the directors’ report, and</li><li>(c) the auditor’s report on those accounts and the directors’ report (unless the company is exempt from audit).” (Companies Act 2006 s471(2)).</li></ul> <p>For a quoted company, these are:</p> <ul style="list-style-type: none"><li>“(a) its annual accounts,</li><li>(b) the directors’ remuneration report,</li><li>(c) the directors’ report, and</li><li>(d) the auditor’s report on those accounts, on the auditable part of the directors’ remuneration report and on the directors’ report” (Companies</li></ul>



Act 2006 s471(3)).

- annual allowance** Term used in taxation of pension contributions.  
From 6 April 2006, pension contributions are generally tax-free provided that the contributions in one tax year do not exceed the annual allowance, and the cumulative contributions do not exceed the lifetime allowance.
- annual allowance charge** Tax imposed on pension contributions in a tax year which exceed the **annual allowance** for that year. Since its introduction on 6 April 2006, the rate of tax has been 40%.  
“A charge at the rate of 40% in respect of the amount by which the **total pension input amount** for a tax year in the case of an individual who is a member of one or more **registered pension schemes** exceeds the amount of the **annual allowance** for the tax year” (HMRC manual RPSM glossary)
- annual amount** Term used in taxation of pension benefits.  
The annual amount of a **relevant annuity** is the rate of annual income which a person of the same sex and age would receive from the annuity funds according to tables produced by the **Government Actuary**. Details are given in Finance Act 2004 Part 4.
- annual budget** **Budget** for a year, usually determined by adjusting figures for previous year.
- Annual Budget documents** Documents, including the **Red Book**, produced by the Treasury each year in relation to the Budget.  
From 2011, these must comply with the **Charter of Budget Responsibility**, in accordance with the Budget Responsibility and National Audit Act 2011 s2.
- annual claim** In relation to life assurance premium relief, this term is given a specific meaning in Income Tax (Life Assurance Premium Relief) Regulations SI 1978 No 1159 para 5.
- annual compounding yield** Annual rate of return of an investment calculated on the assumption that interest payments are reinvested at the yield rate.
- annual depreciation** Amount by which **fixed assets** have been written down during the year in the **annual accounts**.
- annual depreciation allowance** Amount by which the book value of a fixed asset is decreased each year. The allowance is usually expressed as a percentage.
- annual equivalent rate (AER)** Common method for evaluating investments. It is the equivalent of **APR** for loans.
- annual exempt amount** **Capital gains tax**  
For capital gains tax, an amount of gains up to which no tax is payable (Taxation of Capital Gains Act 1992 s3).  
The amount is usually revised every year in the Budget.

### **Trivial benefits**

An amount that may need to be considered in determining income tax relief on **trivial benefits** (Income Tax (Earnings and Pensions) Act 2003 s323B as inserted by Finance Act 2016 s13). The limit is £300.

### **annual exemption**

An amount which may be deducted from annual profits when calculating capital gains tax.

An amount that may be given to individuals each year free of inheritance tax (Inheritance Tax Act 1984 s19(1)). This limit has remained at £3,000 since the tax was introduced in 1986. Any unused exemption may be carried forward for one year only. If more than annual exemption is given away in a tax year, the exemption is applied in date order until exhausted.

### **annual family financial healthcheck**

Government backed service, due to be introduced in spring 2011.

### **annual fee**

Any sum a person is required to pay once a year. It is commonly charged for providing a financial service such as for a **life insurance** or **pension**. Depending on the financial service, the annual fee is usually in the range of 0.35% to 2%. An annual fee is sometimes called an **annual management charge**.

### **annual general meeting (AGM)**

Meeting which an organisation holds once a year to transact business.

A public company must have an AGM within six months of its accounting reference date (Companies Act 2006 s336(1)). There are additional statutory requirements for the AGMs of listed companies. Private companies are no longer required to have an AGM.

The agenda for an AGM is determined by the constitution of the body and any relevant law. Typically an agenda comprises:

- approval of the minutes of the previous AGM;
- matters arising from those minutes;
- reports from officers;
- acceptance of the accounts;
- election of directors or equivalent;
- appointment of any auditor;
- resolutions, such as changing the constitution; and
- resolutions notified in advance by members.

### **annual hours contract**

Contract of employment where an employee is required to work so many hours a year but where there is considerable discretion on when they are worked. This is common in organisations such as supermarkets which are open for long hours during the week. The actual working hours can accommodate both employer and employee.

### **annual information notice**

In relation to **serial tax avoidance regulations**, a notice that a taxpayer must submit each year during the five-year warning period in a warning notice issued by HMRC when the taxpayer has used a defeated avoidance scheme.

There are penalties if the taxpayer uses further defeated arrangements

during the warning period.

### **annual investment allowance (AIA)**

In tax, an amount which a business may spend on certain fixed assets in a year and claim the whole cost against taxable profits. (The main exception is cars.) This provision takes effect from 1 April 2008 for companies subject to corporation tax, and from 6 April 2008 for individuals and partnerships subject to income tax.

The AIA was introduced as a package of reforms of capital allowances, which generally saw allowance rates reduced, meaning that companies pay more tax. The AIA helps compensate for this additional tax by benefiting smaller businesses.

The amounts of AIA are:

From date	Maximum AIA
<b>1/6 April 2008</b>	£50,000
<b>1/6 April 2010</b>	£100,000
<b>1/6 April 2012</b>	£25,000
<b>1 January 2013</b>	£250,000
<b>1/6 April 2014</b>	£500,000
<b>1 January 2016</b>	£200,000

For capital expenditure above this figure, the business may only claim part of the expenditure known as the **capital allowance**.

The law is contained in Capital Allowances Act 2001 from s38A. Entitlement details are given from s51A.

The extent to which the limit has fluctuated for no obvious reason has prompted AIA to be nicknamed the yo-yo allowance.

### **annualisation**

In international taxation, any process that converts income or gains to an annual figure. In some countries (but not the UK), income or gains for a period of less than one year are grossed up to an annual equivalent.

### **annual leave**

The amount of holiday an employee is allowed to take in a year.

### **annual limit**

In pensions, maximum amount a person may pay into a pension plan during a tax year to qualify for tax relief. The annual limit is a figure up to 100% of salary to a figure announced for each tax year.

### **annually managed expenditure (AME)**

Government spending on programmes which are typically volatile and demand-led, and which are therefore not subject to firm multi-year limits in the same way as DEL. The biggest single element is social security spending. Other items include tax credits, Local Authority Self Financed Expenditure, and debt interest (HM Treasury definition)

**annual management charge** Another name for an **annual fee**.

<b>annual meeting</b>	Meeting held once a year. In the USA, this term is used in preference to <b>annual general meeting</b> .
<b>annual payments</b>	<p>Payments of interest, royalties and similar. The extent to which tax relief may be claimed is set out in Income Tax Act 2007 s448 and Corporation Tax Act 2009 s1301.</p> <p>Historically this was a much more generous relief, extending to ordinary <b>mortgage interest</b> and to bank loans.</p>
<b>annual percentage rate (APR)</b>	<p>Rate that makes all forms of loan comparable.</p> <p>APR takes into account all the costs, interest charges, arrangement fees etc.</p>
<b>annual profits</b>	<p>Profits that arise from a trade, profession, vocation or other income previously assessed under <b>Schedule D</b>.</p> <p>Despite the name, the profits do not have to relate to a year nor recur each year. The term refers to the nature of the profits rather than the period to which they relate. A fuller discussion is given in BIM14060.</p>
<b>annual report</b>	<p><i>Company law</i></p> <p>Report which a company's directors are legally required to provide each year to its <b>shareholders</b>, or an equivalent report by any organisation.</p> <p><i>Charities</i></p> <p>A charity must produce such a report under Charities Act 2011 from s162.</p> <p><i>Auditing</i></p> <p>For auditing, the term is defined as "a document issued by an entity, ordinarily on an annual basis, which includes its financial statements together with the auditor's report thereon." (FRC Auditing Standards and Guidance glossary).</p>
<b>annual return</b>	Document which all registered companies are required to submit to <b>Companies House</b> .
<b>annual stockholders' meeting</b>	American term for <b>annual general meeting</b> of a company's investors.
<b>annual subscription</b>	This may be tax deductible if paid to a professional body (Income Tax (Earnings And Pensions) Act 2003 s344).
<b>annual tax</b>	<p>Description of income tax given in Income Tax Act 2007 s4.</p> <p>Income tax is only charged if an Act of Parliament is passed each year allowing it. Such an Act has been passed every year from 1842.</p>
<b>annual tax on enveloped dwellings (ATED)</b>	<p>Tax charged from 1 April 2013 on residential properties owned by companies and other corporate bodies. There are many exceptions to this general rule.</p> <p>The tax is now payable in respect of properties with a value of £500,000 or more.</p>

The tax is an annual charge for each period from 1 April to 31 March.

<b>annual travel insurance</b>	Insurance policy that covers all journeys during a year. The policy usually has a maximum length of trips of between 31 and 60 days.
<b>annual value</b>	<p>Term used in Income Tax (Earnings And Pensions) Act 2003 s110 in calculating the notional benefit on which an employee may be liable to pay income tax if the employer provides accommodation.</p> <p>Annual value is defined as "the rent which might reasonably be expected to be obtained on a letting from year to year if:</p> <ul style="list-style-type: none"><li>(a) the tenant undertook to pay all taxes, rates and charges usually paid by a tenant, and</li><li>(b) the landlord undertook to bear the costs of the repairs and insurance and other expenses (if any) necessary for maintaining the property in a state to command that rent".</li></ul> <p>In international taxation, the term is sometimes used to calculate the tax due on a benefit that does not produce an income, such as the value or real estate.</p>
<b>annual volatility</b>	<p>Volatility is one measure used to assess the risk of a portfolio as it helps to describe the likely range of returns achieved by the fund.</p> <p>In statistical terms it is the standard deviation of the return distribution. Greater volatility of monthly fund returns means that there is a wider range of likely returns in the future, or greater uncertainty regarding the fund return. Most investors would equate this greater uncertainty with greater risk.</p>
<b>annual voluntary settlement (AVS)</b>	Informal agreement that an employer could make with Inland Revenue whereby the employer paid the employee's tax on certain benefits. These settlements were all revoked when <b>PAYE settlement agreements</b> were introduced from 6 April 1996.
<b>annualised percentage rate (APR)</b>	<p>The percentage rate for borrowing money expressed on a common basis. The law requires that all advertisements and offers for lending must quote the APR.</p> <p>The APR is used for comparing figures; it is not used for calculating interest.</p>
<b>annualised</b>	Converted to the equivalent of an annual rate. For example, 2% a month applied cumulatively is equivalent to an annualised rate of 26.824%.
<b>annual limit</b>	Amount that trustees of a trust for a disabled person may use each tax year for another purpose under the provisions of Inheritance Tax Act 1984 s89A. The amount is the lower of £3,000 and 3% of the maximum value of settled property during the year in question.
<b>annually</b>	Once a year.

- annually compounding yield** Annual rate of return on an investment, based on the assumption that interest payments are reinvested in the investment at the yield rate.
- annual parties** Annual parties and similar events provided by an employer are exempt from tax up to a value of £150 per person attending (Income Tax (Earnings And Pensions) Act 2003 s264). This includes Christmas parties.
- annual payments** Annual payments are sums that may be deducted from taxable income of any sort. The right to deduct such payments is contained in Income Tax Act 2007 from s447. The scope of such payments has reduced over the decades.  
Extra-statutory concession A16 also applies.
- annual rebate payment person** For hydrocarbon oil duty, "Means a **rebate payment person** permitted by the Commissioners in the licence issued by them to him as a rebate person to furnish an estimate (as required by these Regulations) in relation to any year commencing 1<sup>st</sup> January after the issue of the licence" (Hydrocarbon Oil Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).
- annual rental value** In relation to accommodation provided to an employee, "is the rent which might reasonably be expected to be obtained on a letting from year to year if —  
(a) the tenant undertook to pay all taxes, rates and charges usually paid by a tenant, and  
(b) the landlord undertook to bear the costs of the repairs and insurance and other expenses (if any) necessary for maintaining the land in a state to command the rent"  
(Income Tax (Earnings And Pensions) Act 2003 s207(1)).
- annual return** Document that a company must submit to Companies House every time a set of accounts is made up (Companies Act 2006 s854). Subsequent sections detail the information to be included.

### **Annual Tax on Enveloped Dwellings (ATED)**

Tax introduced from 1 April 2013 by Finance Act 2013 s94(1).

It is an annual fee on residences worth more than the threshold indicated below if owned by a company or other corporate entity.

<b>Tax year</b>	<b>Threshold</b>
<b>2013/14</b>	£2 million
<b>2014/15</b>	£1 million
<b>2015/16</b>	£500,000

The tax was introduced as an anti-avoidance measure. If a property is owned by a company, it may be sold by selling the company rather than the property. The stamp duty on selling the company is less than the stamp duty land tax on selling the property.

The tax year is called a chargeable period.

The tax is a fixed amount for the chargeable period.

**annual tax summary** Statement produced by HMRC and sent to taxpayers to show how their tax and national insurance is being spent. The first statement was issued in 2014.

**annual value** Value of a property measured as the amount of rent it could attract. In taxing employees on the benefit of accommodation, this value may sometimes be used. Annual value is defined in Income Tax (Earnings And Pensions) Act 2003 s110.

For Scottish properties assessed in tax years from 1987/88, extra-statutory concession A56 allows this figure to be calculated as 10/27 of the 1985 valuation.

**annuitant** Person who receives an **annuity**.

**annuitise** General requirement to turn a pension fund into an annuity or similar by a certain age. This provision is largely removed from 6 April 2011.

**annuity** *Defintion*  
Arrangement whereby a **lump sum** is converted to an annual payment, particularly as part of a **pension**. The annual payment is usually for the rest of the life of the person, known as a **pensioner**.

“A series of fixed payments paid over a fixed number of years or during the lifetime of an individual, or both. An annuity is often used to provide a pension. It can also be an annual payment provided for in a will” (HMRC glossary of inheritance tax terms).

#### *Example*

Suppose a man aged 65 has £100,000 and wishes to convert this to an annual payment for the rest of his life. Neither he nor the **pension provider** knows how long he will live. However, they will know that *on average* such a man may live for perhaps another 20 years and calculate the annual payment on such a basis. If the man lives for 25 years, he will have received more than expected. The pension provider will be compensated by having paid a pension to someone else who may only have lived for another 15 years. Thus those who die young subsidise those who die old.

This does not mean that the man will receive £5,000 a year until he dies. In reality, he will receive a higher figure, perhaps £7,000, as the sum remains invested. At the end of the first year of payment, there is still £93,000 of the original lump sum earning interest.

#### *Annuity choices*

The above describes a **flat rate annuity** which pays a flat rate just to the person.

There are many options now available for variances in annuity. These include:

- **pension guarantee** which means that the pension is paid for a minimum number of years even if the pensioner dies soon after the annuity starts;

- **dependant benefits** which continue payments after the pensioner has died to those who were dependent on him, such as a spouse or young children:

- **indexation** which increases the annual payment to offset the effects of **inflation**;

- **fixed-term pensions** which only last for a finite period, after which the pensioner may buy another annuity from whatever is left of the initial lump sum plus accrued interest.

Each of these options imposes an additional liability on the pension provider, and therefore reduces the amount of annual payment. For example, if the 65-year old man wished his 62-year old wife to receive 2/3 pension after he has died, he may find that the annual payment starts at £6,000.

#### *Choosing the provider*

The amount of annuity paid by different companies can vary by up to 25%, particularly when certain options are chosen.

#### *Business expense*

The extent to which annuities are allowable as a business expense is discussed in the Inspectors' Manual from BIM 42601.

#### *Land charges*

The word "means a rentcharge or an annuity for a life or lives or for any term of years or greater estate determinable on a life or on lives and created after 25<sup>th</sup> April 1855 and before 1<sup>st</sup> January 1926, but does not include an annuity created by a marriage settlement or will" (Land Charges Act 1972 s17(1)).

#### **annuity certain**

An **annuity** which makes payments for a fixed number of years even if the annuitant dies. In effect, it is similar to the **pension guarantee**.

#### **annuity contract**

Legal agreement by which a person exchanges a lump sum in return for an **annuity** of regular payments for a defined period, often for the rest of the person's life.

#### **annuity deferral**

Deferring the date on which an annuity starts.

#### **annuity due**

Annuity whose first payment is made in advance.

#### **annuity finance**

Loan that is repaid as a set of payments calculated by reference to the principal and interest.

#### **annuity protection lump sum death benefit**

A lump sum benefit paid to an annuity scheme member who dies before the age of 75 and was in receipt of either a lifetime annuity or a scheme pension under a money purchase arrangement. This benefit is subject to limits set out in Finance Act 2004 Sch 29 para 16.

#### **annuity rate**

Amount of income a pension provider will pay for a fixed amount of capital.



<b>annuity starting date</b>	Date on which payments from an annuity are made to the annuitant.
<b>annulet</b>	Small ring placed on a coin as a mintmark, particularly in the reign of Henry VI. The place of the annulet can be used to date the coin.
<b>annulment</b>	<p>Formal declaration that something is invalid, particularly a marriage which has not been consummated.</p> <p>It should be understood that something which is annulled is regarded as never having happened, whereas something which is voided is regarded as having happened but no longer of any effect.</p> <p>Despite this, for tax purposes, an annulment is treated as a divorce. That means that any tax allowance for marriage could be claimed for years until the marriage is annulled (<i>Dodworth v Dale</i>. [1936] 20 TC 285).</p>
<b>Annunciation Day</b>	Another name for <b>Lady Day</b> , one of the <b>quarter days</b> . This is 25 March.
<b>annus et dies</b>	Latin: a year and a day.
<b>anomaly</b>	<p><b>Investment</b></p> <p>In finance, an opportunity to achieve particularly high financial returns. Under the <b>efficient market hypothesis</b>, there should never be any anomalies.</p> <p><b>Auditing</b></p> <p>“A misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.” (FRC Auditing Standards and Guidance glossary).</p>
<b>another member state</b>	For VAT, “means, subject to section 93(1), any member state [of the EU] other than the United Kingdom” (Value Added Tax 1994 s96(1)).
<b>another person</b>	<p>This term is given a specific meaning in Income Tax Act 2007 s763 in relation to anti-avoidance provisions for transactions in land.</p> <p>It is similarly given a specific meaning for corporation tax in Corporation Tax Act 2010 in s35600.</p>
<b>another relevant person</b>	Term used by the Home Office's UK Border Agency to mean an individual responsible in the sponsoring body for people from overseas who wish to work in the UK.
<b>anova</b>	Common abbreviation for <b>analysis of variance</b> .
<b>ANPR</b>	Automatic Number Plate Recognition.
<b>Ansell sovereign</b>	Sovereign coin struck in 1859 by G F Ansell at the Royal Mint to test the use of Australian gold. It proved to be brittle to use.
<b>Anstalt</b>	Form of legal entity that exists in some German-speaking countries. It enjoys limited liability, but is not always accepted internationally as a legal entity separate from its owners.

<b>answers</b>	In Scots law, "a statement setting out the factual and legal response of a party to proceedings raised against his or her" (Judiciary of Scotland website glossary).
<b>ante</b>	(1) Latin: before. (2) Stake in poker, and thus any sum which is staked in the hope of generating a larger <b>return</b> .
<b>antecedent</b>	(1) In mathematics, the denominator in a ratio. (2) In logic, the conditional part of a hypothetical proposition.
<b>antecedent debt</b>	Debt that arose before another event, The term is used in Factors Act 1889 s4 in relation to pledges.
<b>antecedents</b>	In law, a person's criminal record.
<b>antecedents report</b>	List of a person's criminal record which may be passed to a judge after conviction but before sentencing.
<b>ante-date</b>	Put a past date on a document. Depending on the context and reasons, this may be illegal or improper.
<b>antedated</b>	Given an earlier date, usually on a document. This does not affect the validity of a <b>cheque</b> or <b>bill of exchange</b> (Bills of Exchange Act 1882 s13(2)).
<b>ante diem</b>	Latin: before the day.
<b>ante litem motam</b>	Latin: before litigation was in contemplation.
<b>ante lucem</b>	Latin: before light.
<b>antemeridian</b>	Before midday.
<b>ante-natal care</b>	A period of necessary preparation for a woman expecting a baby. A pregnant employee is entitled to paid leave from work for ante-natal care, provided she is pregnant at the time and the care is on the advice of a doctor, midwife or registered health visitor. Ante-natal care does not include classes in parenting skills. If a woman attends more than one paid ante-natal absence, the employer is entitled to see evidence for the second and each subsequent absence. A woman has the right to paid leave to attend such classes provided she is pregnant at the time and she attends on the advice of a doctor, midwife or health visitor (Employment Rights Act 1996 s55).
<b>ante-nuptial</b>	Before marriage.
<b>antenuptial gift</b>	In family law, a gift given by one spouse to the other before marriage, or which is given by the parents of one spouse to either spouse before the

marriage. This can be relevant in determining the distribution of assets on separation. Such gifts also have a limited exemption from inheritance tax.

**anthpost**

Old term for a re-ordering of a product that attracts attention but provides little cover.

**anti**

Greek: against.

**anti-avoidance**

Statutory provisions designed to counter **avoidance schemes**.  
About one fifth of all tax law is anti-avoidance.

**Anti-Avoidance Board**

Board of HMRC staff. "It approves and monitors strategy to handle tax avoidance issues, and makes strategic decisions about HMRC's anti-avoidance work" (HMRC Notice of 20 December 2013).

**anticipation**

Literally, this means to make plans to *prevent*, as in anticipating trouble. Colloquially the word is sometimes used to mean to *expect*. To avoid ambiguity, the word "expect" should always be preferred for that meaning.

**anticipation of loss**

Principle of tax law that a loss (or a profit) may not be anticipated in accounts. This principle was upheld in such cases as *BSC Footwear Ltd v Ridgway [1971] 47TC495*. However in some cases a provision for future expenditure may be included in the accounts under accounting standards, and therefore be allowable.

The matter is discussed in the Inspectors' Manual at BIM31100.

**anticipation of profit**

Profit that has not yet been earned. Such profits should not be included as sales income and therefore are not generally taxable.

There is an exception for long-term contracts, where accounting standards require an element of profit on work completed to be included. This should be followed for tax purposes, as is discussed in the Inspectors' Manual at BIM40090.

There is a limited exception to these general rules, as set out in *Willingale v International Commercial Bank Ltd [1978] 52TC242*.

**anticipatory breach**

Breach committed before the time of performance, particularly under a contract.

It is possible to sue for breach of contract on an anticipatory breach if the action makes subsequent performance impossible, such as when a promise to sell a car on one day is pre-empted by selling the car to someone else before that day.

**anticipatory exercise of power** Right of a government or body to make necessary preparations to give effect to an Act between its receiving Royal Assent and its commencement date. This right is given in Interpretation Act 1978 s13.

**anticipatory fetching**

Computer process where data are read before being required.

**anticipatory hedge**

Hedge for a transaction which is expected to happen on a future date.

<b>anticipatory letter of credit</b>	<b>Letter of credit</b> one of whose terms allows a part payment to be made to the supplier on proof that the goods have left his possession, even though not yet delivered. It is sometimes called a <b>red clause letter of credit</b> .
<b>anticipatory paging</b>	Computer process where a page is read from auxiliary storage to real storage before the latter requires it.
<b>anticipatory pricing</b>	Pricing policy which allows for inflation when goods are to be delivered in the future. Such policies have been adopted at times of high inflation. It is also known as <b>hedge pricing</b> .
<b>anticompetitive practice</b>	An unfair practice which stifles competition. If practised by a company with an annual turnover of at least £10 million, it may be investigated by the <b>Office of Fair Trading</b> or successor body under Competition Act 1980.
<b>Anti-Corn Law League</b>	Body formed in 1839 to fight the <b>Corn Laws</b> . These imposed heavy duties on imported wheat to protect the domestic market. A consequence was that the price of this basic commodity became unaffordable to ordinary people. The League gained the support of some MPs who abolished the duties in 1842 and recouped the lost revenue by the re-introduction of income tax.
<b>Anti-Counterfeiting Trade Agreement (ACTA)</b>	Multinational trade agreement signed in Tokyo on 1 October 2011. It provides for international enforcement of intellectual property rights.
<b>antidilution</b>	“An increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions” (IAS 33 para 5). [The IAS spells the word without a hyphen.]
<b>anti-dilution clause</b>	Term sometimes included in a share issue designed to protect the shareholder from risk of further share issues and hence dilution of dividend income.
<b>anti-diversion</b>	Rules to prevent profits of a <b>controlled foreign company</b> escaping a UK tax charge. The rules are given in Finance Act 2011 s48 and Sch 13.
<b>anti-dumping</b>	Description of a law or tax which is designed to prevent a country or overseas manufacturer killing off local business by selling vast quantities of goods at prices which cannot be matched. The UK has provisions to impose a form of Customs duty as anti-dumping duty. The tax is based on the difference between the domestic price and the dumping price.
<b>anti-dumping duty (ADD)</b>	Customs duty on imports, providing protection against the <b>dumping</b> of cheap goods in the European Union by foreign producers. The law is contained in EU Council Regulation 384/96. Such duties can exceed 50%.

<b>anti-forestalling</b>	Description of any tax provision that is designed to prevent a taxpayer deriving a tax benefit before an announced change in tax law.
<b>anti-fragmentation</b>	In relation to taxation of land transactions, anti-fragmentation provisions are set out in Corporation Tax Act 2010 from s356OGH.
<b>Antigua and Barbuda</b>	Caribbean state. Currency is <b>East Caribbean dollar</b> . UK has a double taxation arrangement made in 1947 and amended in 1968.
<b>anti-inflationary</b>	<p>Description of any measure which is designed to restrict <b>inflation</b>.</p> <p>Under the <b>Keynesian</b> economic policies generally practised in Britain between 1945 and 1979, anti-inflationary policies generally took the form of direct controls, such as restricting prices by law. Under <b>monetarism</b>, anti-inflationary policies have taken the form of influencing financial markets, such as by adjusting interest rates.</p>
<b>antilapse</b>	Specific legal provision in some US states which allow someone to inherit even though the gift has otherwise lapsed.
<b>Anti-Poll Tax Union (APTU)</b>	Effective campaigning organisation formed in Scotland in 1987 to obstruct the administration of the <b>community charge</b> .
<b>anti-pollution measure</b>	Any law, tax or similar provision designed to reduce pollution.
<b>antique</b>	<p>Something which is more than 100 years old. It includes items which have been repaired or restored during the last 100 years provided the item has not lost its original character.</p> <p>There is a special VAT scheme for antiques, which allows VAT to be charged at 5%.</p> <p>An antique can be relieved from customs and excise duties (Customs and Excise Duties (General Reliefs) Act 1979 s9).</p>
<b>Anti Tax Avoidance Directive (ATAD)</b>	<p>EU directive 2016/1164 adopted on 12 July 2016. It changes the rules on exit charges and unrealised profits or gains when a company or its assets move within the EU or European Economic Area. It is designed to ensure that the company cannot avoid its tax liability.</p> <p>ATAD is effective in EU states from 1 January 2020. The UK will have left the EU by then, but the government plans to amend UK corporation tax law in line with the directive anyway.</p>
<b>antithesis</b>	In logic, the alternative argument to the <b>thesis</b> . The two may be reconciled to a <b>synthesis</b> .
<b>anti-trust laws</b>	<p>Various American laws which seek to prevent corporations becoming too big and powerful. In American terminology, "trust" means "monopoly".</p> <p>The first such law was the Sherman Anti-Trust Act 1890. This was followed by Clayton Act 1914.</p>

<b>antoninianus</b>	Roman coin used in Britain. It was a silver coin worth 1½ denarii in 214 AD, but was later <b>debased</b> to bronze.
<b>Anton Piller order</b>	Name once used for an order made by a High Court judge which allows a claimant to enter the defendant's premises to seize items which the defendant may wish to destroy to frustrate a legal action. It is most commonly used for cases alleging serious breaches of copyright. The name comes from the case <i>Anton Piller KG v Manufacturing Processes [1976]</i> . Since 1988, this is known as a search order.
<b>any relevant permissive rule</b>	Term used in Corporation Tax Act 2009 s216(2).
<b>any relevant prohibitive rule</b>	Term used in Corporation Tax Act 2009 s216(3).
<b>any to come</b>	Form of multiple betting similar to an <b>accumulator</b> . If a sufficient amount is won on one bet, part of the amount may be used as a stake for a second or subsequent bet.
<b>A/O</b>	Account of.
<b>AOA</b>	(1) Any one accident, a term used in marine insurance. (2) <b>ISO code</b> for Angola kwanza.
<b>AOB</b>	(1) <b>Any other business</b> , sometimes a final item on an agenda. (2) Any other bottom. Term used in marine insurance to mean any other vessel.
<b>AOO</b>	Any one occurrence. Term used in marine insurance.
<b>AOP</b>	(1) Association of Photographers. (2) Association of Optometrists. (3) Association of Online Publishers.
<b>AOR</b>	(1) Airport of Receipt - the Cargo Community System (CCS-UK) airport at which a transit shed operator creates a consignment record for uncleared imported goods. (2) Any one risk. Term used in marine insurance. (3) Association of Reflexologists.
<b>AOSS</b>	Agent Online Self Service.
<b>AOV</b>	Any one vessel, term used in marine insurance.
<b>AOVoy</b>	Any one voyage, term used in marine insurance.
<b>AP</b>	(1) <b>Accounting period</b> . (2) Additional premium. Term used in insurance when cover is sought for additional risks. (3) <b>Additional pension</b> .

(4) Accounts payable.

**APA** (1) **Advance pricing agreement**, or **advance pricing arrangement**.  
(2) **Additional personal allowance**, now abolished.

**APACS** Association for Payment Clearance Services.

**apagoge** In logic, reduction to absurdity, used to indicate the incorrectness of a proposition.

**apaid** Archaic form of **paid**.

**APB** (1) **Auditing Principles Board**.  
(2) Amount previously borrowed, abbreviation used in Finance Act 2004 s182(2).  
(3) Military and police use: all points bulletin.

**APB engagement standards** These comprises "APB Ethical Standards and International Standards on Auditing" (APB Scope and Authority of Pronouncements para 12).

**APB pronouncements** Pronouncements from the Auditing Practices Board (APB).  
In its statement *The Auditing Practices Board — Scope and Authority of Pronouncements* states that its pronouncements "include:

- quality control standards for firms that perform audits of financial statements, reports in connection with investment circulars and other assurance engagements;
- a framework of fundamental principles which the APB expects to guide the conduct of auditors;
- engagement standards for audits of financial statements, reports in connection with investment circulars and other assurance engagements;

and

- guidance for auditors of financial statements, reporting accountants acting in connection with an investment circular and auditors working in other assurance engagements."

**APC** (1) Expression used in pension formula in Finance Act 2004 s220(4).  
(2) Prefix for HMRC's tax manual on animation production company.

**APCCS** Association of Police and Crime Commissioners.

**APCIMS** **Association of Private Clients Investment Managers and Stockbrokers**.

**APD** **Air passenger duty**, a duty on the carriage of passengers by air from a UK airport.

There are exemptions for: some non-paying passengers; certain airline employees and small children; for flights in small aircraft; for short-duration pleasure flights and for flights which originate at airports in the Scottish Highlands and Islands.

<b>APEC</b>	<p>Asia-Pacific Economic Co-operation, an international organisation with the purpose of facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.</p> <p>It was formed in 1989. APEC currently has 21 members: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America and Vietnam.</p>
<b>aperçu</b>	Summary exposition or brief outline. It is French for sketch.
<b>aperture card</b>	Card into which microfilm frames may be inserted.
<b>à peu près</b>	French: nearly
<b>aphorism</b>	Concise statement of principle.
<b>API</b>	<p>(1) American Petrochemical Institute.</p> <p><b>(2) Application program interface.</b></p>
<b>APIA</b>	Abbreviation used in Finance Act 2004 s227F in relation to taxation of pensions.
<b>apices juris non sunt jura</b>	Latin: legal principles must not be carried to their most extreme consequences, regardless of equity and good sense.
<b>API gravity</b>	<p>Measure of the density of crude oil. This is one of the most important factors in determining its price.</p> <p>The formula has been devised by the American Petrochemical Institute as:</p> $\text{API gravity} = (141.5 \div s) - 131.5$ <p>where s is the specific gravity at 60 degrees Fahrenheit.</p> <p>The specific gravity is the ratio of a fixed quantity of the oil to the same quarter of water. As oil is lighter than water, this is below 1.0.</p> <p>The API gravity has an inverse ratio to specific gravity. This means that the higher numbers denote lighter oil.</p>
<b>APM</b>	<p>(1) Association of Project Managers.</p> <p>(2) Alternative performance measure.</p>
<b>APN</b>	<b>Accelerated payment notice.</b>
<b>apograph</b>	Exact copy.
<b>apology</b>	<p>"An apology, an offer of treatment or other redress, shall not of itself amount to an admission or breach of statutory duty" (Compensation Act 2005 s2).</p> <p>In Scots law, "an apology means any statement made by or on behalf of a person which indicates that the person is sorry about, or regrets, an act, omission or outcome and includes any part of the statement which contains</p>



an undertaking to look at the circumstances giving rise to the act, omission or outcome with a view to preventing a recurrence" (Apologies (Scotland) Act 2016 s3).

"In any legal proceedings to which this Act applies, an apology made (outside the proceedings) in connection with any matter— (a) is not admissible as evidence of anything relevant to the determination of liability in connection with that matter, and (b) cannot be used in any other way to the prejudice of the person by or on behalf of whom the apology was made" (ibid s1).

<b>apophatic</b>	Description of an argument based on what something is not, rather than what it is.
<b>à portée</b>	French: within reach; within range.
<b>a posse ad esse</b>	Latin: from the possible to the actual.
<b>a posteriori</b>	Latin: from the effect [to the cause]. Legal term used to denote <b>inductive reasoning</b> . This is knowledge based on experience.
<b>APP</b>	<b>Authorised push payment</b> , a form of fraud.
<b>app</b>	Abbreviation: <b>computer application</b> .
<b>apparent authority</b>	When a person acts as if he has authority whether or not he has, particularly when an agent so acts.
<b>apparent good order and condition</b>	Statement made by a ship owner regarding the state of the packaging of cargo, indicating that there is no external evidence of damage or deterioration. It comprises no warranty of damage which cannot be externally evidenced. Such statements have largely disappeared with the advent of <b>containerisation</b> .
<b>apparently insolvent</b>	In Scotland, a legal step in <b>sequestration</b> .
<b>apparent possession</b>	The person who makes out a <b>bill of sale</b> for chattels is deemed to be in apparent possession of any chattels on his property (Bills of Sale Act 1878 s4), "so long as they [the chattels] remain or are in or upon any house, mill, warehouse, building, works, yard, land, or other premises occupied by him, or are used and enjoyed by him in any place whatsoever, notwithstanding that formal possession thereof may have been taken or given to any other person".
<b>apparent unnotified termination (AUT)</b>	Closure of a contracted out defined benefit pension scheme that has not been notified to HMRC. In October 2014, HMRC started work on identifying AUTs as part of its <b>Scheme Reconciliation Service</b> in the run-up to ending contracting-out in April 2016.

<b>apparitor</b>	Officer in attendance on a court to execute orders.
<b>appaid</b>	Archaic form of <b>paid</b> .
<b>appay</b>	Archaic form of <b>pay</b> .
<b>APPC</b>	Advance Program-to-Program Communications. In computing, an interface developed for networks by IBM.
<b>App Cas</b>	Law Reports of Appeal Cases, 1875 to 1890.
<b>appeal</b>	Requirement for a legal decision to be reconsidered. In many tax and employment matters, a tribunal may give a ruling on fact, leaving an appeal possible only on a point of law.
<b>Appeal Commissioners</b>	Bodies who hear tax appeals. They are replaced by tribunals from 2009. The term "Appeal Commissioner" has come into use as the word "Commissioner" also means a member of the <b>Board of HMRC</b> . The two types of Commissioner were <b>General Commissioners</b> and <b>Special Commissioners</b> . The former were lay people with a status similar to magistrates. The latter were legally qualified people. Some tax laws specify to which body particular appeals may go. Otherwise the taxpayer had a choice. A taxpayer would usually choose the Special Commissioners when the issue is a technical point, and the General Commissioners when the issue is one which commends itself to a reasonable man.
<b>appearance</b>	Attendance by a person at court, particularly an appearance to explain to the person the implications of proceedings being brought against him. In Scots law, "the formal act whereby the defender in an action intimates his intention to defend" (Judiciary of Scotland website glossary).
<b>appearance de bene esse</b>	Conditional appearance in court.
<b>appearance fee</b>	Payment to a person simply for attending an event, such as a film star attending a fashion show. Also known as <b>appearance money</b> .
<b>appearance money</b>	Money paid to a prominent person for appearing at a function. VAT notice 701/5 gives guidance on the treatment of such payments in relation to competitions run by clubs.
<b>appear very likely</b>	Term used in Income Tax Act 2007 s384A in relation to the disallowance of certain loan arrangements against income tax.
<b>appellant</b>	Person who brings an appeal in court. For tax appeals, "(a) the person who starts proceedings (whether by bringing or notifying an appeal, by making an originating application, by a reference, or otherwise); (b) in proceedings started jointly by more than one person, such persons acting jointly or each such person, as the context requires;

(c) a person substituted as an appellant under rule 9 (substitution and addition of parties)" (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 1(3)).

<b>Appellate Committee</b>	Part of the House of Lords which announces legal decisions.
<b>appellate court</b>	Court which hears appeals against decisions from lower courts.
<b>appellate jurisdiction</b>	Authority to hear appeals against decisions from lower courts.
<b>appellee</b>	American term for a person who argues against an <b>appeal</b> .
<b>appendant</b>	In law, description of incorporeal hereditaments which arise because the land was originally from the same manor as other land.
<b>Appendix 6 agreement</b>	<p>Procedure set out in HMRC's tax manual from PAYE82003. It allows the employer to reach an agreement with HMRC in respect of foreign workers. It allows the employer more time to report and pay national insurance contributions. The employer pays on time, national insurance based on a best estimate. The correct figures must be submitted by 31 March following the end of the tax year to which they relate.</p> <p>For foreign workers working in the UK, the procedure is known as an <b>appendix 7A arrangement</b>. It only applies if at least one worker has earnings above the <b>upper earnings limit</b>. HMRC produces a special form for such workers.</p> <p>For UK workers working overseas, the equivalent procedure is known as an <b>appendix 7B arrangement</b>.</p>
<b>Appendix 7A arrangement</b>	Arrangement to pay national insurance for <b>tax equalised</b> employees from overseas.
<b>Appendix 7B arrangement</b>	Arrangement to pay national insurance for UK employees working abroad.
<b>Apple</b>	<p>Major developer of computer hardware and software. The company was formed in the USA in 1976 by Steven Jobs and Stephen Wozniak. The company became public in 1980.</p> <p>In 1983 the Apple Lisa appeared. This was quickly followed by the Apple Mac in 1984. The first models provided only 128 kilobytes of random access memory, 400 kilobyte disks and one disk drive. These computers were the first to use 3½-inch floppy disks in a case, a mouse, graphical user interfaces, icons and many other aspects of computing now considered standard.</p> <p>The Mackintosh II was launched in 1987 with much greater capacity and speed. This has been followed by a succession of improved models.</p> <p>The company has also been effective in promoting other consumer electronic products.</p>
<b>apple-knocker</b>	Old slang term for itinerant harvest worker.
<b>applicable financial reporting network</b>	In auditing, "the financial reporting framework adopted by management and,

where appropriate, those charged with the governance in the preparation of the financial statements that is acceptable in view of the nature of the entity and the objective of the financial statements, or that is required by law or regulation.”

(FRC Auditing Standards and Guidance glossary).

The definition provides further explanation.

**applicable law**

The national laws which apply to a particular transaction.

Under the international Rome Convention, the courts will respect any agreement made by the parties on the matter. Failing this, the courts will regard the country with the closest connection as the applicable law.

**applicant**

Person who applies for something.

Under Family Law Act 1996, it is the term used for someone seeking a divorce, replacing the previous term **petitioner**.

For child trust funds, the term means the child for whom the fund is created (Child Trust Funds Regulations SI 2004 No 1450 reg 5).

**applicant file**

In human resources, collection of forms and other information about a job applicant, with notes about the selection.

**applicant flow data**

In human resources, records of hiring, promotion and other employment actions. The data are kept for monitoring purposes.

**applicant pool**

In human resources, the total number of people who have applied for a job or who are considered suitable for the job. The selection is made from the pool.

**applicant tracking**

In human resources, a system that tracks data relating to job applications and promotions.

**application**

Any formal process by which a person seeks to obtain something. In particular, it can apply to a request for tax relief, or a process by which an investor seeks to obtain shares, or a person seeks a job.

**application concluded**

Term used by the Home Office's UK Border Agency in respect of a person to whom they have granted **asylum**.

**application controls in information technology**

For auditing, “manual or automated procedures that typically operate at a business process level. Automated controls can be preventative or detective in nature and are designed to ensure the integrity of the accounting records. Accordingly, application controls relate to procedures used to initiate, record, process and report transactions or other financial data.”

(FRC Auditing Standards and Guidance glossary).

**application designer**

In computing, the person who is responsible for turning a set of requirements into a specification for computer software.

<b>application for conversion</b>	Application made by a <b>charitable company</b> or a registered society to become a <b>charitable incorporated organisation</b> (Charities Act 2011 s228).
<b>application for quotation</b>	Application made by a public company to be listed on a particular stock exchange.
<b>application form</b>	Form completed by a person seeking something, particularly a job.
<b>application growth</b>	In computing, any system environment which is capable of expanding smoothly to meet future increased demands.
<b>application layer</b>	The layer of a computer operating system which is visible to the user.
<b>application money</b>	Money which must accompany an application to buy shares.
<b>application of funds</b>	Statement explaining how a business has acquired funds and how it has used them. It is broadly the same as a <b>cashflow statement</b> .
<b>application problem</b>	In computing, a problem identified by the system user which requires a solution in the software.
<b>application program</b>	Program which performs a task required by the user, as against one by a <b>system program</b> .
<b>application program(ming) interface (API)</b>	In computing, interface needed for application software to communicate with an operating system. HMRC issued a Notice on 1 September 2015 explaining how it was improving its APIs.
<b>application service provider</b>	Company that provides software which can deliver programs over the Internet.
<b>application software</b>	In computing, software which is developed to perform a particular purpose.
<b>applied economics</b>	Branch of economics which studies practical problems and how they may be solved using the tools of theoretical economics.
<b>applied GDPR</b>	For the purposes of data protection, "means the <b>GDPR</b> as applied by Chapter 3 of Part 2" (Data Protection Act 2018 s13(11)).
<b>applied mathematics</b>	Branch of mathematics which determines how other branches may be used to solve problems.
<b>applied or nominal interest rate</b>	Term used to denote the <b>rate of interest</b> which is used to calculate the interest owed by a borrower. It is usually lower than the <b>APR</b> which includes charges.
<b>applying the proviso</b>	In criminal law, when an appeal court uses the <b>proviso</b> in Criminal Appeal Act 1968 s2.

This allows the court to dismiss an appeal if it believes that there has been no miscarriage of justice even though the point of appeal may have some merit.

**appointed counsel**

American term for a lawyer who is appointed to a defendant who would otherwise be unrepresented in court.

**appointed day**

Day on which a tax provisions (or other law) comes into force. Finance Acts often contain provisions to come in at a future date.

The date is given in a Statutory Instrument, such as *Finance Act 2008 Schedule 38 (Appointed Day) Order SI 2010 No 409*. This announced that the relevant Schedule (that makes amendments to stamp duty land tax) comes into force on 1 April 2010.

**appointee**

Person who has been appointed, or for whom a **power of appointment** is exercised.

**appointment**

- (1) Arrangement to meet someone.
- (2) Process by which a person is given a job or a new job.

**appointment process**

This term is used to describe the process of a client nominating an Agent to act on their behalf by way of the **Agent ID**.

**Appointments Commission**

Body corporate created under Health Act 2006 s57 as a successor to the National Health Service Appointments Commission.

**appointor**

Person given a **power of appointment**.

**apportionment**

**General**

The process of splitting an amount on some basis. For example, an electricity bill may be apportioned between two occupiers when a property changes hands.

For all taxes, apportionment is sometimes needed when income or expenditure spans a date on which a tax rate or rule changes.

**Private expenses**

For certain VAT provisions, an amount may need to be apportioned, such as between personal and business use of an expense.

Note that for income tax and corporation tax, expenses cannot usually be apportioned as they must be “wholly” for a business to be deductible.

**Basis periods**

Allocation of profits to particular tax years under the rules set out in Income Tax (Trading and Other Income) Act 2005 from s203.

**apportionment factor**

Number between 0 and 1 that determines how much of an item of account may be allocated for a particular tax purpose. The term is used in the Inspectors' Manual at BIM24630 in the context of golf clubs.

<b>apportionment method</b>	<p>System used to apportion income and expenses to particular enterprises.</p> <p>“One of the methods used to allocate income and expenses between related enterprises using a formula consisted of some factors such as sales, property or payroll” (OECD glossary of tax terms).</p>
<b>apportionment schemes</b>	<p>A simplified method of calculating VAT liability on retail sales, based on the proportions of purchases which are liable to different rates of VAT. The apportionment schemes are intended for retail traders that may find it difficult to account for VAT on their sales in the normal way.</p>
<b>appraisal</b>	<p>Any systematic approach to establishing a value.</p> <p>The term is particularly applied to determining the capabilities of employees, and (particularly in the USA) to valuing property.</p>
<b>appraisal fee</b>	<p>Charge for a professional valuation of a property that is offered as security for a loan.</p>
<b>appraisal portfolio</b>	<p>Set of techniques used to evaluate an employee's performance. These may vary between departments.</p>
<b>appraisal related pay</b>	<p>Pay scheme where at least part of an employee's pay is linked to an appraisal of the employee's performance. This is also known as <b>merit pay</b>.</p> <p>The two main forms of appraisal related pay are:</p> <ul style="list-style-type: none"><li>• performance-against-objectives; and</li><li>• rating by line manager against work competencies.</li></ul>
<b>appraisal work</b>	<p>For chargeable gains in the oil industry, “means work carried out for the purpose of ascertaining the extent or characteristics of any oil-bearing area the whole or part of which lies in the area concerned or what the reserves of oil of any such oil-bearing area was” (Taxation of Capital Gains Act 1992 s196(6)).</p> <p>In relation to capital allowances for oil licences relating to undeveloped areas, “means work carried out for the purpose of ascertaining —</p> <p>(a) the extent or characteristics of any oil-bearing area the whole or part of which lies in that area, or</p> <p>(b) what the reserves of oil of any such oil-bearing area are.”</p> <p>(Capital Allowances Act 2001 s553(6)).</p>
<b>appraisement</b>	<p>Valuation of goods, particularly those seized by distraint or similar procedure.</p>
<b>appraiser</b>	<p>Valuer, particularly of goods acquired by <b>appraisement</b>.</p>
<b>appreciation</b>	<p>When an asset gains value, as often happens for land and certain works of art. It is the opposite to depreciation.</p> <p>“An increase in the value of an asset. [The term] is also used for currency to describe the value of one currency rising in relation to another” (HM Treasury glossary).</p> <p>In human resources, the term is used in a more general sense of expressing recognition of good work by an employee.</p>

<b>apprentice</b>	<p>System under which a young person worked beside an experience worker for five or six years before being recognised as an experienced worker. The apprentice was paid a low rate of pay. Apprenticeships were common in the construction, engineering and printing industries.</p> <p>This is an ancient arrangement, which was embodied in English law as far back as the Statute of Artifices 1563. This was known as <b>serving time</b>. The apprenticeship was ended by a celebration often involving bizarre rituals.</p> <p>The system started to die out from the 1970s, though even in the mid-1970s, about 40% of boys leaving school became apprentices. An attempt has been made to revive the scheme as <b>modern apprenticeships</b>.</p> <p>From April 2017, apprentices are organised under the provisions of Enterprise Act 2016, as explained under <b>apprenticeship</b>. An <b>apprenticeship levy</b> is charged at 0.5% on payrolls above £3 million.</p>
<b>apprentice house</b>	<p>Cheap accommodation provided for apprentices, often orphaned children, attached to a factory. They were common in 18th century. They became subject to statutory regulation in 1802.</p>
<b>apprenticeship</b>	<p>Fixed period of work-based training in which a person learns a skill or craft. The traditional apprenticeship largely died out during the 1970s and 1980s, though a form of modern apprenticeship has been introduced.</p> <p>A definition appears in Apprenticeships, Skills, Children and Learning Act 2009 sA8(4) as inserted by Welfare Reform and Work Act 2016 s2(1).</p> <p>Only a <b>statutory apprenticeship</b> may be described as an apprenticeship under the provisions of Apprenticeships, Skills, Children and Learning Act 2009 sA11 as inserted by Enterprise Act 2016 s25. A person commits an offence if any form of training is described as an apprenticeship. It remains legal to provide such training, but it must not be called an apprenticeship.</p>
<b>apprenticeship agreement</b>	<p>In relation to the public sector. “means —</p> <ul style="list-style-type: none"><li>(a) an approved English apprenticeship agreement;</li><li>(b) an apprenticeship agreement within the meaning given in section 32 as it applies in relation to England by virtue of provisions made under section 115(9) of the Deregulation Act 2015”</li></ul> <p>(Apprenticeships, Skills, Children and Learning Act 2009 sA9(7) as inserted by Enterprise Act 2016 s24).</p>
<b>apprenticeship framework</b>	<p>In relation to apprenticeship levy, one of two forms of apprenticeship training. The other is <b>apprenticeship standard</b>.</p> <p>An apprenticeship framework is a series of work-related vocational and professional qualifications with workplace and classroom-based training. It is intended that these be phased out by 2020.</p>
<b>apprenticeship levy (AL)</b>	<p>Charge imposed from April 2017 on payrolls of more than £3 million a year at a rate of 0.5%. This is achieved by granting an allowance of £15,000 against the levy. It is treated as a tax for all purposes.</p> <p>The main points to note are:</p> <ul style="list-style-type: none"><li>• the charge is compulsory for all employers with a payroll of more than £3 million a year</li></ul>



- the levy itself is charged only in England. Other parts of the UK have devolved arrangements that are similar
    - AL is collected through PAYE
    - the AL paid goes into an account which can be used to fund an apprenticeship or apprenticeships from 1 May 2017
      - an employer who does not pay AL (because their payroll is below the limit) may engage apprentices under the scheme, and pay 10% of their cost
    - apprentices must meet various conditions including not exceeding the funding band maximum for each category of apprenticeship
      - AL may only be used to fund training, and not for related expenditure such as travel, licences and workplace expenses.
- The charge is imposed under Finance Act 2016 from s98.

<b>apprenticeship levy return</b>	<p>(1) “Means a return under regulations under section 105(4)” (Finance Act 2016 s101(16)).</p> <p>(2) In relation to tax penalties, “means a return under regulations under section 105 of FA [Finance Act] 2016” (Finance Act 2007 Sch 24 para 13(1ZD)).</p>
<b>apprenticeship service</b>	<p>“An online service that allows employers to choose and pay for apprenticeship training more easily” (government website).</p>
<b>apprenticeship standard</b>	<p>In relation to apprenticeship levy, this is one of two types of apprenticeship training. The other is <b>apprenticeship framework</b>.</p> <p>An apprenticeship standard covers a specific job role and sets out the core skills, knowledge and behaviours to do the job competently. Such standards are developed by trailblazers. It is intended that this be the sole form of apprenticeship training from 2020.</p>
<b>apprenticeships target</b>	<p>This is “that three million apprenticeships are entered into in England during the period beginning with 1 May 2015 and ending with 31 March 2020” (Apprenticeships, Skills, Children and Learning Act 2009 sA8(2) as inserted by Welfare Reform and Work Act 2016 s2(1)).</p> <p>“An apprenticeship target, in relation to a public body, is a target relating to the number of persons (“apprentices”) who work for the body under an apprenticeship agreement” (Apprenticeships, Skills, Children and Learning Act 2009 sA9(2) as inserted by Enterprise Act 2016 s24).</p>
<b>apprenticeship tax</b>	<p>In international taxation, any charge made to finance apprenticeships and technical training.</p>
<b>apprentice upper secondary threshold (AUST)</b>	<p>Maximum earnings of an apprentice for which an employer does not pay employer's national insurance from 6 April 2016.</p> <p>For 2016/17, AUST is set at the same figure as the upper earnings limit for national insurance, but the two figures may not be the same in subsequent years.</p>
<b>apprenticii ad legem</b>	<p>Latin: apprentices at law. The term refers to junior barristers.</p>

- appropriate and reprobate** Legal term which means to blow hot and cold. It espouses the principle that a person cannot both claim benefit under an instrument and also deny liabilities imposed by the same instrument.
- appropriate audit authority** Person to whom an auditor must report his concerns about a company if he feels obliged to resign as its auditor. For a **major audit**, this is the Secretary of State. For other auditors, it is the auditor's professional body. (Companies Act 2006 s525(1)).
- appropriate body of persons** Term used in Income and Corporation Taxes Act 1988 s751A to define the people affected by tax provisions relating to **controlled foreign companies**.
- appropriated tax** In international taxation, a tax that is charged for a particular purpose. In the UK, this would normally be called a hypothecated tax. Climate change levy is a hypothecated tax.
- appropriate judicial authority** Court that has the relevant power to seize property under Criminal Justice and Police Act 2001. The authorities are listed in s64.
- appropriate maximum housing benefit (AMHB)**  
Maximum amount of **housing benefit** that may be paid to a person of working age and who rents his or her home in the private rented sector, after a reduction in benefit for unused bedrooms.  
The reduction is 14% for one unused bedroom. and 25% for two. This provision is introduced from April 2013.
- appropriate mitigation steps** In relation to the remittance basis, this term is defined in Income Tax Act 2007 s809VI.
- appropriate national health service allocation**  
Amount of national insurance contributions that are allocated for the National Health Service, as set out in Social Security Administration Act 1992 s162(5).
- appropriateness (of audit evidence)**  
"The measure of the quality of audit evidence: that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based."  
(FRC Auditing Standards and Guidance glossary).
- appropriate non-ship pool** Term defined in Capital Allowances Act 2001 s127(3) in relation to capital allowances on ships.
- appropriate notional price** Term used in Income Tax (Earnings And Pensions) Act 2003 s545 in relation to **priority share allocations** to employees.
- appropriate penalty provision** Term used in relation to **repeated benefit fraud**, a social security offence.  
The term is defined in Social Security Fraud Act 2001 s6B(2)(a) as inserted by Welfare Reform Act 2012 s119(10).

- appropriate percentage** A percentage taken from tables relating to the carbon dioxide emissions of a car that is a taxable benefit in kind for an employee (Income Tax (Earnings And Pensions) Act 2003 s121).  
The percentage is a figure of up to 35%. The tables have frequently been revised, so a percentage for the same car may be higher in a later tax year.  
The employee is usually taxed on the notional benefit of having the car as being the **list price** multiplied by the appropriate percentage. If the employer also provides petrol or other road fuel, the employee is also liable to pay tax on a benefit calculated as a fixed amount multiplied by the appropriate percentage.
- appropriate personal pension scheme (APPS)** A **private pension** scheme which allows a person to contract out of **state second pension**. If the person is an employee, he or she pays the full rate of **class 1 national insurance** but a portion of that is paid into the APPS. This amount is known as the **contracted-out rebate**. The pension benefits it buys are known as **protected rights**.  
“A personal pension scheme which an individual may join as a means of contracting out of the State Second Pension, previously known as SERPS. To obtain an appropriate scheme certificate from the Secretary of State for the Department of Work and Pensions (DWP), the personal pensions scheme needs to satisfy certain conditions about the protected rights” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).
- appropriate personal pension stakeholder pension (APPSHP)** “**Appropriate personal pension scheme** which operates on in the same basis as an APP scheme but with stakeholder status” (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).
- appropriate proportion** In relation to attribution of gains to beneficiaries, this term is defined in Finance Act 2008 Sch 7 para 126(18).
- appropriate tax accounting arrangements** Accounting arrangements in a large company that are appropriate to the size, complexity and nature of the business. They must be sufficient to ensure that the company's tax liabilities are calculated correctly in all respects.  
The term is used and the matter discussed in the Inspector's Manual at SAOG 14320.
- appropriation** (1) Legal process whereby the property of one person passes to another.  
(2) Situation where more units in a unit trust are being bought than sold.
- appropriation account** Account which apportions the profit for an accounting period between the various provisions, reserves and retained profit.  
In a partnership, the appropriation account apportions the profit to the various partners' capital and current accounts.
- appropriation account** Part of the accounts which shows how the profit has been used, in particular how much has been paid to the shareholders and how much has been

retained.

- appropriation in aid** Item in the estimates of a government department which records revenue from selling goods and services to the public.
- appropriation of payments** Allocation of a payment to debts owed by the payer. The right of appropriation rests with the debtor unless the creditor has specified a particular debt. If the debtor does not make an appropriation, the creditor may do so.
- appropriation to retail trading** Term used up to 1973 to determine when purchase tax became payable, such as when goods moved from a wholesaler to a retailer.
- approval** Process by which the trustees or equivalent body make the treasurer's report their own.
- approval notice** Notice from HMRC that it accepts a proposed rate of providing a benefit or paying an employee for an allowable expense without incurring a tax charge (Income Tax (Earnings and Pensions) Act 2003 s289B(3)).
- approved airport** Place where goods imported by air may be landed in the UK. It is an offence to import goods by air at any other destination.
- approved budget** Budget which has been approved by members, adjusted to reflect in-year virements.
- approved charitable investments**  
These are listed in Income Tax Act 2007 s558.
- approved charitable loans** These are listed in Income Tax Act 2007 s561.
- Approved Code of Practice (ACOP)**  
Code issued by the Health and Safety Executive under statutory regulations. An ACOP provides detailed guidance on how to comply with health and safety law. An ACOP is not legally binding, but failure to comply may comprise evidence of a failure to meet legal requirements.
- approved commercial document**  
Document which Customs has approved for use when exporting goods under the **Simplified Clearance Procedure**.
- approved consignor** Old term for a consignor who was authorised by Customs and Excise to produce his own forms for export purposes.
- approved debts** Debts which a **debt factor** is prepared to accept.
- approved deferred share trust (ADST)**  
Trust fund established by an employer for the benefit of the employees. The fund purchase shares in the employer. If approved by HMRC, the tax on the

dividends may be postponed until the shares are sold.

**approved delivery facility** Bank, stock yard, warehouse or other facility that is authorised by an exchange to deliver commodities that are tendered on futures contracts.

**approved deposit fund** Australian term for a fund into which pension contributions are paid.

**approved development condition**  
In relation to wind generating stations, this term is defined in Electricity Act 1968 s32LJ as inserted by Energy Act 2016 s79.

**approved distributor** Person who has been individually authorised and approved for the purpose of supplying tied oil, in the course of trade for eligible use.

**approved furnace operator** For hydrocarbon oil duty, "means a person approved by the Commissioners for the purposes of section 14(1) of the [Hydrocarbon Oil Duties Act 1979] (rebate of duty on light oil delivered for home use for use as furnace fuel" (Hydrocarbon Oil (Industrial Reliefs) Regulations SI 2002 No 1471 reg 3).

**approved investment funds (AIF)**  
Fund that may use **Enterprise Investment Scheme** tax relief (Income Tax Act 2007 s251).

**approved list** List of suitable investments in which a financial institution is prepared to invest.

**approved local enterprise agency**  
Local body approved by the government to promote enterprise in an area. Contributions to it are tax deductible (Income and Corporation Taxes Act 1988 s79).

**approved means of communication**  
In relation to PAYE and self-assessment, "in relation to the delivery of information or the making of a payment in accordance with the provisions of these Regulations, means a method of electronic communication which has been approved, by specific or general directions issued by the Board of Inland Revenue, for the delivery of that kind or the making of a payment of that kind under that provision" (PAYE regulations SI 2003 No 2682 reg 189).

**approved medical research** For the purposes of data protection, this term is defined in Data Protection Act 2018 s19(4).

**approved mileage allowance payment (AMAP)**  
Provision that allowed an employer to reimburse an employee at a fixed amount per business mile travelled in the employee's own car without needing to calculate the mileage cost.

AMAP has now been abolished although the current system of reimbursement is almost identical. This is contained in Income Tax (Trading and Other Income) Act 2005 s94F(2).

The right to claim actual cost instead of AMAP was abolished from 6

April 2002.

From 1996 to 2002, an employee could be reimbursed using Inland Revenue Approved Mileage rates (IRAMs).

From 1990 to 1996, the **Fixed Profit Car Scheme** rates were used.

Before 1990, a claim was based on actual cost.

- approved mixer** For oil duty, “means a person approved by the Commissioners for the purposes of section 20A of the [Hydrocarbon Oil Duties] Act 1979” (Hydrocarbon Oil (Mixing of Oils) Regulations SI 1985 No 1450 reg 2(1)).
- approved mixing** For oil duty, “means mixing in accordance with permission under the regulations” (Hydrocarbon Oil Duties Act 1979 s20A(5)(b)).
- approved pension scheme** **Pension scheme** which is approved by **HMRC** and thus qualifies for certain tax advantages.
- approved profit-sharing (APS)** Tax-efficient scheme which ran from 1979 to 2002 as explained in **profit-sharing**.  
The capital gains tax provisions are given in Taxation of Capital Gains Act 1992 from s238.
- approved repairers** Arrangement which is now popular among **insurance companies**, particularly for **motor insurance**. Typically each insurance company has a network of garages whose quality of work and pricing structure it has approved. The insurance company requires the **policyholder** to use an approved repairer.
- approved repayment user** For hydrocarbon oil duty, means “a person approved by the Commissioners for the purposes of section 9(4) of [Hydrocarbon Oil Duties Act 1979] (repayment of duty where duty paid hydrocarbon oil put to qualifying use)” (Hydrocarbon Oil (Industrial Reliefs) Regulations SI 2002 No 1471 reg 3).
- approved scheme** “Share award or **share option scheme** approved by the Employee Share Schemes Unit, which gives favourable tax and NICS advantages to employees and employers” (Inspectors’ Manual at BIM 44001).  
In international taxation, any scheme into which payments are given a preferential tax treatment. This commonly includes pension funds.
- approved school** Educational establishment to which a court may send children whose behaviour makes them impossible to educate in an ordinary school.  
Since 1969, such schools have been replaced by community homes or by accommodation in ordinary schools under special provisions.
- approved securities** Bonds and other investments which a bank is allowed to hold.
- approved share incentive plan** Another name for **share incentive plan (SIP)**.
- approved tied oil trader** For hydrocarbon oil duty, means “a person approved by the Commissioners for the purposes of section 9(1) of [Hydrocarbon Oil Duties Act 1979] (delivery for home use of hydrocarbon oil without payment of duty)” (Hydrocarbon Oil

(Industrial Reliefs) Regulations SI 2002 No 1471 reg 3).

<b>approved training</b>	Training under a scheme sponsored by the government. A young person undergoing approved training is regarded as being in full-time education for the purpose of claiming social security benefits.
<b>approved wharf</b>	Place in a port where goods imported by sea must be unloaded. A port is approved by a Statutory Instrument which defines the area of the wharf. Some wharves are restricted as to what goods may be imported. Once unloaded, either customs duty must be paid or the goods must be held in a <b>transit shed</b> .
<b>approximation</b>	Process or result from making an informed guess. An approximation is usually acceptable if: <ul style="list-style-type: none"><li>• it is sufficiently close to the likely answer as still to be a useful figure;</li><li>• the real answer is not readily available at that time;</li><li>• the number is identified as an approximation;</li><li>• an indication is given on how accurate the approximation is considered to be.</li></ul> The term "approximation" is the generic statistical term. In finance, the term <b>estimate</b> is considered more appropriate. The term "very approximate" should be avoided. Literally this would mean a number very close to the original, but as its use is likely to be the opposite, this expression should be avoided.
<b>approximation of laws</b>	Process by which two or more legislatures endeavour to make their laws similar. The process can be seen in the member states of the European Union. It can also be seen in the international development of accounting standards.
<b>appurtenance</b>	In law, something which has been attached to property, as against something which is part of the property or which is naturally attached (such as a tree).
<b>appurtenant</b>	Attached to land, and enhancing its value or use.
<b>appurtenant property</b>	"In relation to a building or part of a building or a flat, means any garage, outhouse, garden, outhouse, yard or appurtenances belonging to, or usually enjoyed with the building or part or flat" (Commonhold and Leasehold Reform Act 2002 s112(1)).
<b>APR</b>	<b>(1) Agricultural property relief</b> , from inheritance tax. <b>(2) Annualised percentage rate</b> . A standard method of expressing interest rates to make them comparable.
<b>APRA</b>	<b>Australian Prudential Regulation Authority</b> .
<b>April</b>	Fourth month of the calendar year and first month of the financial year. It has 30 days.

<b>a prima vista</b>	Italian: at first sight.
<b>a priori</b>	Latin: from the previous, deductively.
<b>apriori algorithm</b>	In computing, a standard algorithm for learning association rules. It can be used on databases to produce, for example, analyses of customer spending habits.
<b>a priori category</b>	In statistics, an existing distinction between variables which may be used in a <b>categorical scale</b> , such as person's sex or weight range. This is distinguished from a <b>constructed category</b> which must be devised by the statistician.
<b>à propos de bottes</b>	French: with regard to boots. This means, with regards to nothing.
<b>à propos de rien</b>	French: with regard to nothing.
<b>APRT</b>	Advance petroleum revenue tax.
<b>APS</b>	<b>Approved profit-sharing.</b>
<b>APT</b>	<b>Arbitrage pricing theory.</b>
<b>aptitude test</b>	In human resources, test of a person's innate skills, such as clerical, mechanical and numerical ability.
<b>APTU</b>	<b>Anti-Poll Tax Union.</b>
<b>AQE</b>	Available qualifying expenditure (Capital Allowances Act 2001 s55(1)(b) and s457(1)(a)).
<b>aqua cedit solo</b>	Latin: water passes with the soil. This means that ownership of water is by owning the land underneath it.
<b>aqueduct</b>	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
<b>AQL</b>	Acceptable quality level. In computing, a term used by component manufacturers to determine the quality required and achieved.
<b>AR</b>	(1) All risks (in insurance). (2) Term used in the formula for calculating the ring fence amount for the oil industry. The formula is given in Corporation Tax Act 2010 s279D. (3) For coins, abbreviation of argentum, indicating that the coin is made from silver.
<b>a/r</b>	<b>As required.</b> In costing, the term is used for small quantities of items such as water or string where the value is considered too small to need a cost.



<b>ARA</b>	<b>Assets Recovery Agency.</b>
<b>Arab blacklist</b>	Blacklist against suppliers and shipping agents operated by some Arab countries in the 1960s and 1970s as a means of putting economic pressure on Israel.
<b>Arab Currency-Related Unit (ArCRU)</b>	Fictitious currency created by Hambros Bank in 1974 as a means of valuing Middle East oil while exchange rates were volatile.
<b>Arab Fund for Economic and Social Development</b>	Body established in 1972 to promote development within Arab states.
<b>arable area payment</b>	Payment to an arable farmer under EU Common Agricultural Policy. Tax Bulletin 02/94 states that HMRC may accept such a payment as a sales subsidy.
<b>Arab tax treaty</b>	Treaty signed on 3 December 1973 by Egypt, Iraq, Jordan, Kuwait, Sudan, Syria and Yemen. It provides a double taxation framework.
<b>A rating</b>	Description given by the Home Office's UK Border Agency to those who are allowed to sponsor workers coming to the UK. It is a permanent rating, unlike the <b>B rating</b> .
<b>arb</b>	Abbreviation of <b>arbitrageur</b> .
<b>arbitrage</b>	Process of buying something with a view to selling it at a profit somewhere else. Arbitrage typically exploits small differences in prices between such items as <b>currencies</b> and <b>commodities</b> . So if a pound could be bought for \$1.800 in London and sold for \$1.801 in New York, the <b>arbitrageur</b> would buy pounds in London and sell them in New York. Typically arbitrage involves spending large sums and selling promptly (usually within seconds) to make a small profit. For shares, there is a special form known as <b>risk arbitrage</b> . There are provisions in Taxation (International and Other Provisions) Act 2010 from s231 that allow HMRC to issue notices to companies to calculate their tax less advantageously in certain arbitrage schemes.
<b>arbitrage-free condition</b>	Assumption made in financial modelling that there are no <b>anomalies</b> , that is no opportunities for risk-free excess returns in the market.
<b>arbitrage pricing theory (APT)</b>	Theory which is based on the value of a security being driven by various factors of two types: those that relate to the market generally and those that relate to the specific company. The main difference between APT and the <b>capital asset pricing model</b> is that APY attempts to identify many factors rather than just one. For this reason, APT is often seen as sound in theory but impractical in practice.

- arbitrage syndicate** Group of people who provide the capital to engage in **arbitrage**.
- arbitrageur** One who engages in **arbitrage**, that is someone who buys something in a large quantity and sells it again almost immediately at a small profit.
- arbitration** A process of judging the merits of competing claims. The **arbitrator** hears the claims and makes his decision.  
 Arbitration must be distinguished from **mediation** which is the process of trying to help two parties to resolve their differences *themselves*. Arbitration often follows when mediation has failed.  
 Relevant law is given in Arbitration Act 1969.  
 Many international treaties have arbitration clauses.
- arbitration agreement** Contract which refers any disagreements to **arbitration**. Such a contract may be made for either a past or any future disagreement.
- arbitration award** Amount which is awarded against a party following an **arbitration**.
- arbitration clause** Express term in a contract where the parties agree to refer any dispute to **arbitration**.
- arbitration cover** Additional cover which **ECGD** offered for the additional risk of a claim being lost after arbitration.
- arbitrator** Independent third party who hears a dispute and gives a ruling. It is a means of settling disputes without using a court.
- ARC** (1) Advanced reduced instruction set computing. An old term for the specification for computer microprocessing platforms.  
 (2) **Accounting Regulatory Committee**.
- Arches Court of Canterbury** Church court for the Church of England in the province of Canterbury (Ecclesiastical Jurisdiction and Care of Churches Measure 2018 s9(2)).
- architect** Under the VAT flat rate scheme, the appropriate percentage is:

From	Percentage
<b>4 January 2011</b>	14.5%
<b>1 January 2010</b>	13%
<b>1 December 2008</b>	11%
<b>1 January 2004</b>	13%

- architect model** One of three styles of personnel management identified by Shaun Tyson and Alan Fell. (The other two are **clerk of works** and **contracts manager**).  
 The architect manager is involved in the business to ensure that the employment policies are consistent with the business strategy.
- architectural barrier** In human resources, an American term for those parts of a building that restrict or prevent access by a disabled person. The USA has a law of 1968

that requires federally funded buildings to be accessible by the disabled.

**architecture**

In computing, the design and structure of the hardware.

**archive**

Repository of old records. Originally, it was the repository for public records. The maintenance of a business archive is generally accepted as a business expenses (Inspectors' Manual at BIM42501).

**archive file**

In computing, a file or collection of files which are not readily needed. Such files are usually compressed and placed in a separate part of the computer.

**archive paper**

Specially produced durable paper. Since 1956, it has been used as an alternative to **vellum** for recording private Acts of Parliament. On 2 November 2015, Parliament voted that one of the two official copies of each Act may also be printed on archive paper. It has an official life of 250 years and an expected life of 500 years.

**archiving**

Process of taking old documents and storing them. The term can apply to either paper files or computer files. In both cases, the procedure frees up space for current documents at the expense of making the archived documents less accessible.

In relation to data processing, there are specific requirements for law enforcement data in Data Protection Act 2018 s41.

**archwiliad**

Welsh: audit

**archwiliwr**

Welsh: auditor

**ARCnet**

The first commercially available local area network for computers. It was introduced in 1977 by Datapoint Corporation.

**ArCRU**

**Arab Currency-Related Unit**

**Arctic Systems**

Company set up in 1992 by a married couple, Geoffrey and Diana Jones, and which became subject to a notorious protracted test case with the tax authorities.

The couple eventually won in the House of Lords after four years of litigation in *Jones v Garrett [2007]*. This case did undermined the reputation of HMRC and the courts.

The company was set up as a standard **husband and wife company** where they each held one share, the husband did most of the work, and the income was drawn in dividends rather than salary. This avoids national insurance and allows the wife's personal allowance and basic rate tax band to be used.

HMRC claimed that this represented a **trust** created by the husband in favour of his wife, a practice subsequently called **income splitting**. This provided a novel interpretation of laws first passed in 1922 but never before used in such a manner. The consequence of that interpretation was that the wife's income was held to be taxable as the income of the husband.

After many interpretations from the courts, the House of Lords

eventually held that the wife's income was not taxable as her husband's. Although this was also the decision of the Court Appeal, the Lords dismissed the Appeal Court's reasons and substituted their own, which was basically that any trust would fail as it was between husband and wife and therefore exempt under tax law.

**ARD** Days in a chargeable period after a relevant date, as used in the formulae for capital allowances on Finance Act 2008 s80(10) and 83(3).

**are** Unit of land measure equal to one hundredth of a **hectare**; 100 square metres.

**Area Child Protection Committee (ACPA)**

Body that advises and reviews local arrangements for interdepartmental co-operation in child protection.

**areal density** In computing, the number of data bits that can be recorded on a defined unit of storage medium.

**argentine** Gold coin issued by Argentina, that may be a **gold investment coin** for VAT purposes.

**argentiferous** Silver-yielding; as in a rock.

**Argentina** South American country. Currency is **peso**. UK has a double taxation convention of 1996.

**argenteus** Name for a Roman silver coin used in Britain worth 1 denarius.

**arguendo** Latin: in the course of his argument.

**argument** In mathematics and computing, an independent variable from which something is calculated or otherwise determined.

**argumentative affidavit** Affidavit which contains arguments about the facts. Such an affidavit is generally forbidden under English law.

**ariary** Currency of Madagascar.

**Ariel** Automated real-time investments exchange owned by the **Accepting Houses Committee** where bargains were struck from 1974.

**arise** In relation to carried interest in investment management services, the word is given a specific meaning in Taxation of Capital Gains Act 1992 s103KG.

**arising basis** When tax is charged on **foreign income** regardless of whether it is remitted to the UK. The opposite is known as the **remittance basis**.

The arising basis is used for taxpayers who are UK-resident *and* either ordinarily resident or domiciled in the UK. The arising basis may also be used for other taxpayers who voluntarily elect to do so, possibly to avoid the

annual charge which they may be required to pay after seven years.

**ariston metron**

Greek: middle course; the mean.

**arithmetic**

Most elementary branch of mathematics used for performing simple calculations.

Its four main functions are **addition, subtraction, multiplication** and **division**. There are other functions such as **square roots** and **logarithms**.

**arithmetical progresion**

Another name for an **arithmetic progression**.

**arithmetic expression**

In computing, any quantity which can be expressed in arithmetic form such as 47,  $\sqrt{2}$ ,  $x + 3$  etc. These are connected by an **arithmetic operator**.

**arithmetic function**

Any function applied to a number in arithmetic, such as adding, subtracting, calculating a factorial etc.

**arithmetic mean**

The form of **average** determined by adding up numbers and dividing them by the number of numbers.

So the average of 2, 3, 5 and 6 is 4. This is calculated by adding up the numbers to give 16 and dividing by four representing how many numbers there are. This is by far, the commonest form of average. This is sometimes called the **mean average**.

**arithmetic operator**

In computing, any function which applies any arithmetic function to an arithmetic expression. Examples include plus, minus, multiplied by, divided by, factorial etc. The basic functions of addition, subtraction, multiplication and division are usually expressed by the symbols + - \* and /.

**arithmetic progression**

A series of numbers where each increases from the previous one by a constant, such as 1, 4, 7, 10, 13, 16 etc.

$$\text{The } n\text{th term} = a + (n - 1)d$$

where  $a$  is the first number, and  $d$  is the difference between steps.

The sum of a series =  $n/2[2a + (n - 1)d]$  where  $n$  is the number of terms in the series being considered.

**arithmetic register**

In computing, the register which records both the operands and results of arithmetic or logic operations.

**arithmetic unit**

Old term for the **central processing unit** of a computer.

**arithmometer**

Old term for a calculating machine.

**Arithmos Forologikou Mitroou (FPA)**

Greek: value added tax.

**ARLA**

Association of Residential Letting Agents.

**ARM**

**Adjustable rate mortgage.**

<b>armchair principle</b>	Rule for interpreting wills. It imagines the testator sitting in an armchair dictating its provisions. The principle allows the court to recognise nicknames or where the testator used a term in a particular way.
<b>armed forces</b>	<p>“Royal Navy, the Royal Marines, the regular army and the regular air force, and any reserve or auxiliary force of any of those services which has been called out on permanent service, or embodied” (Customs and Excise Management Act 1979 s1(1)).</p> <p>UK forces are subject to UK income tax and national insurance, regardless of where they are posted. National insurance provisions are given in Social Security Contributions and Benefits Act 1992 s116.</p> <p>The allowability of various expenses are set out in Income Tax (Earnings And Pensions) Act 2003 from s296.</p> <p>Accommodation for armed forces is specifically exempt from council tax.</p>
<b>Armed Forces Early Departure Scheme</b>	<p>Scheme which may provide a payment to armed forces personnel under Armed Forces Early Departure Payments Scheme Regulations SI 2014 No 2328.</p> <p>Such payments are exempt from income tax under Income Tax (Earnings and Pensions) Act 2003 s640 as inserted by Finance Act 2015 s15. Payments under the predecessor scheme were also tax-exempt.</p>
<b>Armenia</b>	Eastern republic. Currency is the <b>dram</b> . UK agreed a double taxation convention in 2011.
<b>armistice</b>	Temporary total cessation of hostilities agreed between governments, as against a <b>truce</b> which is agreed by military commanders.
<b>armorial bearings tax</b>	Form of excise duty first charged in 1798 which replaced clock and watch tax. It was abolished in the mid-19 <sup>th</sup> century.
<b>armour</b>	From 6 April 2011, this may be added to a company car if necessary to protect an employee from a threat to personal physical security without the cost increasing the figure for the list price from which the employee's car benefit is calculated (Income Tax (Earnings And Pensions) Act 2003 s125A).
<b>Arms Index</b>	In finance, an indicator of transaction volumes that are moving in the opposite direction to the market. The index is regarded as being useful in detecting short-term extremes for intra-day trading. The index was devised by Richard Arms.
<b>arm's length bargain</b>	“A normal commercial transaction between two or more person” (HMRC manual RPSM glossary). The same as <b>arm's length price</b> .
<b>arm's length price</b>	<p>Price at which goods would be sold if there were no connection between the parties. It is a similar concept to <b>fair value</b>.</p> <p>For tax purposes, arm's length price may be substituted for the transfer</p>

price if HMRC suspect transfer pricing.

<b>arm's length transaction</b>	In auditing, "a transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests." (FRC Auditing Standards and Guidance glossary).
<b>Army Cadet Corps</b>	Officers, adult instructors and adult warrant officers of this corps are a class of <b>reservists</b> (PAYE regulations SI 2003 No 2682 reg 122(2)).
<b>army pay</b>	This attracted lower rates of income tax between 1915/16 and 1919/20.
<b>Army Reserve</b>	The name given to the Territorial Army under Defence Reform Act 2014 s44(2). The previous Army Reserve is renamed the Regular Reserve under s44(1).
<b>ARP</b>	(1) Adjustable-rate preferred stock. (2) Annual rate at which the pension is payable. This abbreviation is used in Finance Act 2004 s 182(4).
<b>ARPA</b>	Advanced Research Projects Agency, part of the US Department of Defense.
<b>ARPANET</b>	Advanced Research Projects Agency Network. This was developed by the US Department of Defense as a means of exchanging data. It gradually expanded and eventually became the Internet.
<b>arpent</b>	Old land measure varying from about 1¼ acres to 5/6 acre. The measure is still sometimes used in Louisiana and Quebec.
<b>ARPS</b>	<b>Adjustable rate preferred stock.</b>
<b>ARPU</b>	<b>Average revenue per user.</b>
<b>ARR</b>	<b>(1) Age-related rebate.</b> <b>(2) Accounting rate of return.</b>
<b>arraign</b>	Call a prisoner to court by name, to read the charge against him, and to ask whether he pleads guilty.
<b>arranged marriage</b>	Marriage where the parties have not chosen each other but have been chosen by someone else, such as their parents. An arranged marriage is not always void.
<b>arrangement</b>	<b>General</b> Any form of scheme or agreement. In finance it has many specialist meanings.  <b>Company law</b> For company law, the term "includes a reorganisation of the company's share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of those methods"

(Companies Act 2006 s895(2)).

### *Pensions*

In pensions, the term means a contractual or trust-based arrangement made by or for a member under the scheme. This meaning is defined in Finance Act 2004 s152(1) and in the Inspectors' Manual at RPSOM02300050. A member of a pension scheme may have more than one arrangement.

### *Tax planning*

In tax planning, the term means any pre-ordained combination of transactions designed to create a tax advantage.

- arrangement fee** Charge made for providing a financial fee, one form of **administration fee**. It is most commonly charged for arranging a **mortgage** or other loan.
- arrangements for securing a tax advantage** In relation to investment companies, this term is defined in Corporation Tax Act 2009 s1248(2).
- array** In computing, an aggregate of data objects which have identical attributes but can be individually accessed.
- array processor** In computing, a computer or computer part which is designed to process mathematical procedures at a higher speed than from normal mathematical processes. These involve grouping numbers for mass calculation.
- arrearage** Term sometimes used to mean amount of an obligation that is past. The term is particularly used for interest or dividends due but not yet paid on bonds or cumulative preference shares.
- arrears date** In a case for equal pay, the day up to six years before the action started from which the claim is made (Equal Pay Act 1970 s2ZB).
- arrears** Amounts owed from a previous period, such as missed loan repayments or rent from previous months.  
The lender will typically try to establish the reason for arrears using normal **credit control** methods. If this does not resolve the matter, some arrangement will usually be sought with the borrower, such as **rolling up** the arrears into a new loan or allowing the loan to run for an **extended period**.  
If the borrower is in financial difficulty, the lender may consider an arrangement such as a **debt management plan**. Failing that, some form of **insolvency** arrangement is usually inevitable.
- arrectis auribus** Latin: with ears pricked up.
- arrest** Deprive a person of his liberty by lawful authority to compel his appearance to answer a criminal charge.  
The power of HMRC officers to arrest is given in Commissioners for Revenue and Customs Act 2005 s33.



<b>arrestable earnings</b>	<p>Amount of an employee's pay which a Scottish court may make subject to an order for <b>arrestment of earnings</b>.</p> <p>This comprises all salaries and wages, plus occasional payments such as bonuses, commission and overtime.</p>
<b>arrestable offence</b>	<p>A criminal offence for which a person may be legally arrested.</p> <p>Police and Criminal Evidence Act 1984 s24 allows for arrest without a warrant for a list of offences including theft and fraud. These are broadly offences for which a person could be imprisoned for at least five years.</p>
<b>arrested development</b>	<p>Description of a person who suffers from a severe mental impairment. The term was used in Mental Health Act 1983, but has been replaced in modern law.</p>
<b>arrestment</b>	<p>In Scots law, "legal attachment of money or moveable property in the hands of a third party" (Judiciary of Scotland website glossary).</p>
<b>arrestment of earnings</b>	<p>Scottish system of requiring certain debts to be paid by regular deduction from wages, similar to <b>attachment of earnings</b> which apply in the rest of the UK. The legislation is contained in Debtors (Scotland) Act 1987. An arrestment may only be ordered by a Scottish court, but it can apply to a payroll which operates in any part of the UK.</p> <p>There are three types of arrestment order:</p> <ul style="list-style-type: none"><li>• <b>earnings arrestment;</b></li><li>• <b>current maintenance arrestment;</b></li><li>• <b>conjoined arrestment.</b></li></ul> <p>For an earnings arrestment, the court states the amount which must be collected, and provides tables which determine how much of the employee's pay must be taken according to earnings. The latest tables were issued in 2006, replacing those from 2001.</p> <p>For a current maintenance arrestment, the court advises the daily amount to be collected. This is converted to a payroll figure by multiplying by the number of calendar days since the worker was last paid. There is a protected sum below which no arrestment may be made from wages. This sum has been £12 a day since 5 April 2006.</p> <p>A conjoined arrestment is simply a combination of the other two. Each element operates under the rules for that element.</p> <p>An employer may deduct a further £1 for himself to cover the administrative cost of operating the arrestment.</p>
<b>arrest of judgment</b>	<p>In criminal law, a motion by a defendant that judgment should not be given because of an objection arising on the face of the record, such as a defect in the form of indictment itself. Such a motion is now very rare.</p>
<b>arrêt</b>	<p>Judgment of a tribunal. From the French word for arrest.</p>
<b>arretted</b>	<p>In law, accused.</p>

<b>arriage</b>	Form of feudal service once required in Scotland. It originally involved the tenant and his beasts of burdern working on the master's land.
<b>arrived ship</b>	Notice that a ship has arrived and is ready to discharge its cargo.
<b>arriver</b>	Person who has arrived in the UK. There are special tax rules to determine whether such a person is to be regarded as UK-resident for tax purposes.
<b>arroba</b>	Unit of weight of about 25 pounds used in Spain and Portugal.
<b>arrow key</b>	In computing, the keys marked with the symbols ← ↑ → and ↓. These move the cursor one space left, up, right or down respectively.
<b>ARS</b>	(1) Automatic route selection. In computing, the ability of a switchboard or similar appliance to determine the optimal route for a circuit. (2) <b>ISO code</b> for Argentina peso.
<b>arson</b>	Criminal offence of setting fire to premises (Criminal Justice Act 1972 s47).
<b>art</b>	<b>Works of art</b> have several specific tax provisions. For the VAT position on sale from a historic house, see VAT notice 701/12.
<b>art and part</b>	Old legal term which is the equivalent of <b>part and parcel</b> .
<b>ARTG</b>	Prefix for HMRC's tax manual on appeals reviews and tribunals guidance.
<b>article</b>	Clause in a document or treaty.
<b>Article 6 agreement</b>	An agreement to set up a European works council or equivalent, which has been negotiated through a Special Negotiating Body.
<b>Article 13 agreement</b>	Voluntary agreement between a multi-national company operating in Europe and its workforce to establish a European works council.
<b>article 48(6) decision</b>	"Means a decision under Article 48(6) of <b>TEU</b> (ordinary revision procedure)" (European Union Act 2011 s1(5)).
<b>Article 50</b>	While many documents have an article 50, this term usually refers to the provision in the Lisbon Treaty under which a country leaves the European Union.
<b>Article 85</b>	Former name given for an anti-competitive agreement which contravened Article 85 of the Treaty of Rome.
<b>article 184 reliefs</b>	Reliefs from customs duty for many categories of imported goods, such as the personal effects of someone moving into the UK.

<b>articled clerk</b>	Clerk under written articles of agreement to serve a professional person, usually an accountant or solicitor, as a condition of joining the profession.
<b>articles for use in fraud</b>	Articles whose possession is a criminal offence under Fraud Act 2006 s6, or whose making or supply is a criminal offence under Fraud Act 2006 s7. The definition of such articles is contained in Fraud Act 2006 s8, which refers to sections of other laws. The scope includes "any program or data held in electronic form" (ibid s8(1)(b)).
<b>articles of association</b>	Document which a limited company must file, with the <b>memorandum of association</b> (Companies Act 2006 s18).
<b>articles of incorporation</b>	(1) Document which sets up a company in the USA. It governs the relationship between the company and its investors. <b>artificial diversion of profits</b> (2) Term used in HMRC consultation document of June 2011 regarding the new proposals for controlled foreign companies, planned to be introduced from 2014. Broadly, such companies will cease to be taxed on profits earned outside the UK, but subject to provisions to counter artificial diversion.
<b>articles of roup</b>	Conditions of sale at a <b>roup</b> , as announced by the crier. In Scots law, "conditions of sale by auction" (Judiciary of Scotland website glossary).
<b>articulation</b>	Impact of transactions on the balance sheet and profit and loss account through application of the accounting equation.
<b>artificial</b>	In relation to tax avoidance in Scotland, the word is defined in Revenue Scotland and Tax Powers Act 2014 s64. Broadly, an avoidance scheme is artificial if either Condition A or B is met. "Condition A is met if the entering into or carrying out of the arrangement is not a reasonable course of action in relation to the tax provisions in question having regard to all the circumstances, including— (a) whether the substantive results of the arrangement are consistent with— (i) any principles on which those provisions are based (whether express or implied), and (ii) the policy objectives of those provisions, (b) whether the arrangement is intended to exploit any shortcomings in those provisions." (Revenue Scotland and Tax Powers Act 2014 s64(2) "Condition B is met if the arrangement lacks economic or commercial substance." (Revenue Scotland and Tax Powers Act 2014 s64(3). This section continues: "(4) Each of the following is an example of something which might indicate that a tax avoidance arrangement lacks economic or commercial substance— (a) whether the arrangement is carried out by a person in a manner

which would not normally be employed in reasonable business conduct,  
(b) whether the legal characterisation of the steps in the arrangement is inconsistent with the legal substance of the arrangement as a whole,

(c) whether the arrangement includes elements which have the effect of offsetting or cancelling each other,

(d) whether transactions are circular in nature, Revenue Scotland and Tax Powers Act 2014 Part 5—The general anti-avoidance rule

(e) whether the arrangement results in a tax advantage that is not reflected in the business risks undertaken by the taxpayer.

“(5) The fact that—

(a) a tax avoidance arrangement accords with established practice, and

(b) Revenue Scotland had, at the time the arrangement was entered into, indicated its acceptance of that practice, is an example of something that might indicate that the arrangement is not artificial.” (Revenue Scotland and Tax Powers Act 2014 s64).

### **artificial arrangement**

For VAT, arrangements which have no commercial purpose other than the avoidance of tax. The European Court of Justice has ruled that this may constitute an **abusive practice**.

The European Court of Justice held that tax avoidance is itself not a commercial activity (*Halifax plc v Customs [2001]*).

One of the **hallmarks** of a tax planning scheme of which taxpayers are advised to be wary.

### **artificiality condition**

For controlled foreign companies under 2012 regime, when the majority of profit from the assets or risks derived from **significant people functions**.

This is one of three conditions that brings business profits from a foreign subsidiary into UK taxation.

### **artificially depressed market value**

Market value of a share that has been reduced for the purpose of avoiding a tax charge when provided to employees.

Income Tax (Earnings And Pensions) Act 2003 from s446A contains anti-avoidance provisions to counter this.

### **artificially enhanced market value**

Market value of a share that has been enhanced for the purpose of avoiding a tax charge when provided to employees.

Income Tax (Earnings And Pensions) Act 2003 from s446K contains anti-avoidance provisions to counter this.

### **artificially toned**

In coin collecting, description of a coin that has been coated with a material or otherwise treated to make the coin appear old. It is often done to conceal poor cleaning of a coin or as part of counterfeiting an old coin. All such toning reduces the value of the coin.

<b>artificial person</b>	Legal term for a legal person that is not a human individual. Examples include companies, trusts, estates and other legally constituted bodies.
<b>artificial price</b>	<p>Price which differs from normal price for no obvious commercial reason.</p> <p>The Inspectors' Manual at BIM38400 notes that where an artificial price is paid for trading stock, "there is usually some other purpose involved". To the extent that the artificial (usually inflated) price cannot be justified, it will be disallowed for tax purpose.</p>
<b>artificial trade</b>	Activity that appears to be trade but is not. Common examples include hobby activities, investments, and realisations of capital gains. The matter is discussed in the Inspectors' Manual at BIM20090 and BIM75740.
<b>artificial tax avoidance</b>	<p>Tax avoidance that goes beyond what tax law intended or has become accepted. Such avoidance is likely to be challenged by HMRC. Even if the challenge is unsuccessful, it is likely that an artificial scheme will be legislated against in anti-avoidance provisions.</p> <p>The nearest to a definition is probably when then financial secretary Dawn Primarolo on 1 April 2004 described such schemes as "where they create economic distortions, provide commercial advantages over compliant taxpayers, redistribute tax revenues in an unfair or arbitrary manner, or represent an abuse that conflicts with or defeats the will of Parliament".</p> <p>HMRC provides guidance in the form of <b>hallmarks</b>.</p>
<b>artificial transaction</b>	In international taxation, a transaction that has no commercial purpose other than tax avoidance.
<b>artisan's tax</b>	<p>In international taxation, term sometimes used when artisans (such as plumbers, electricians and carpenters) work on their own account, and are taxed differently from professionals such as accountants and lawyers.</p> <p>The UK had this distinction in that artisans were taxed under Schedule D Case I whereas professionals were taxed under Schedule D Case II. Many of the differences have disappeared.</p>
<b>artist</b>	An artist, sculptor, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005 s221).
<b>artistic work</b>	For averaging of profits, this may count as a <b>creative work</b> under Income Tax (Trading and Other Income) Act 2005 s221(3).
<b>art loan</b>	For tax, there is a special provision when a non-resident person lends a work of art for display in the UK. This is excluded from consideration of the remittance basis, and so cannot in itself establish residence.
<b>Arts and Humanities Research Council</b>	A committee of United Kingdom Research and Innovation (Higher Education and Research Act 2017 s91(1)).

<b>Arts Council</b>	Body created in 1946 as Arts Council of Great Britain. It is a government-funded body that promotes the performing, visual and literary arts. In 1994, it was split into separate councils for England, Scotland and Wales. In 2011, Arts Council England took on responsibility for museums.
<b>Aruba</b>	One of the islands of what was known as the <b>Netherlands Antilles</b> .
<b>Arusha Agreement</b>	Agreement made in 1969 with effect from 1971, between the European Union and Kenya, Uganda and Tanzania. It was superseded in 1975 by the <b>Lomé Convention</b> .
<b>ARV</b>	For long funding leases, term used in the formula in Income Tax (Trading and Other Income) Act 2005 s148EA.
<b>arval</b>	Relating to ploughed land.
<b>Arvonlisavero (ALV)</b>	Finnish: value added tax.
<b>AS</b>	(1) Abbreviation of either <b>Aktieselskab</b> , Danish for “public company”, or <b>Aksjeselskap</b> , Norwegian for “public company”. In both languages, the abbreviation is sometimes indicated A/S. (2) Amount specified in a transfer notice in relation to a managed service company (PAYE regulations SI 2003 No 2682 reg 97H(5)).
<b>as</b>	Early Roman copper coin used in Britain, worth 1/16 of a <b>denarius</b> . The term was a unit of weight, originally equal to one pound but later reduced to half an ounce. [The word is also a very common adverb.]
<b>ASA</b>	(1) Accommodation services accountant (in armed forces). (2) American Standards Association or Americal Statistical Association.
<b>ASAP</b>	Abbreviation: as soon as possible.
<b>ASB</b>	<b>Accounting Standards Board</b> .
<b>asbestos</b>	This mineral is generally banned from importation under the Asbestos Regulations 2006. Otherwise, it is subject to <b>prior informed consent</b> procedures as a condition of getting Customs clearance.
<b>asbestos compensation settlement</b>	“Means a settlement — (a) the sole or main purpose of which is making compensation payments to or in respect of individuals who have, or had before their death, an asbestos-related condition, and (b) which is made before 24 March 2010 in pursuance of an attendance allowance within subsection (3)” (Income Tax Act 2007 s838A(2)). The trustees of such a settlement are not liable to income tax under Income Tax Act 2007 s838A(1). The same definition is used for inheritance tax in Inheritance Tax Act

1984 s58(4)).

<b>ASC</b>	<b>Accounting Standards Committee.</b>
<b>ascending order</b>	In computing, order for sorting data starting from the lowest to highest (eg 1 to 9) or first to last (eg a to z). Capital letters rank immediately before their lower case equivalent. Other characters and signs rank according to their <b>ASCII code</b> .
<b>ascending tops</b>	On a graph plotting value against time for a security, a series of peaks which look like a mountain range, where each one is higher than the one before. In <b>charting</b> , this is seen as a <b>bull market</b> in that security.
<b>Ascension Island</b>	UK Overseas Territory of an island in the South Atlantic Ocean. Its currency is the <b>Saint Helena pound</b> .
<b>ascertained residue</b>	For inheritance tax, "means property which, having ceased to be held by the personal representatives as such, is held as part of the residue" (Inheritance Tax Act 1984 s91(2)(b)).
<b>ASCII</b>	<b>American Standard Code for Information Interchange</b> , a standard system of representing letters and other characters by a number on computers.
<b>ASCLA</b>	Apprenticeships, Skills, Children and Learning Act 2009.
<b>ASCN</b>	Appropriate scheme number, of pension.
<b>ASEAN</b>	Association of South-East Asian Nations. The members of the association are: Brunei Darussalam; Indonesia; Malaysia; the Philippines; Singapore; Thailand; Laos; Cambodia and Vietnam.
<b>A series</b>	Series of codes used by the HMRC <b>SAFE</b> computer system to record AIU penalties and interest on such penalties. A list of the codes is given in the Inspectors' Manual at DMBM115020.
<b>as fast as can</b>	Obligation placed on a person chartering a vessel to deliver goods. The obligation is that the goods be delivered as fast as the ship can load. This obligation has lost much significance with the development of <b>containerisation</b> .
<b>ASGBI</b>	Association of Surgeons of Great Britain and Ireland.
<b>ASH</b>	Action on Smoking and Health, an anti-smoking campaign group.
<b>A-shares</b>	(1) In the UK, ordinary shares with different voting rights from other ordinary shares. It is possible to have B-shares and even C-shares, though these are rare in practice. A shares are often issued to provide the bulk of the equity capital, leaving control in the hands of a few individuals, often founders. Sometimes the term is hyphenated as A-shares.

(2) In the USA, a standard way of pricing sales charges on mutual funds by including an up-front charge, typically around 5.75%. The B-share does not have this up-front charge.

**Ashbury Railway Carriage**

Name of court case of 1875 which represents the high water mark for the **ultra vires** rule in company law.

The company entered into a contract to run a railway for which it received some advance payments. The company ran into difficulties, abandoned the work and was sued. Its articles of association allowed it to provide materials for building a railway but not to run one. The other party could have checked this. Accordingly the contract was ultra vires and void.

**ash cash**

Colloquial name for fees paid by undertakers to doctors in relation to cremations. Such fees are taxable as income.

**Ash Wednesday**

The first day of Lent. It is not a public holiday.

**Asian Development Bank**

Bank founded in 1966 to help development in Asia. It is exempt from UK taxation under SI 1997 No 168.

**Asian Infrastructure Investment Bank (AIIB)**

A "multilateral development bank (MDB) conceived for the 21st century. Through a participatory process, its founding members are developing its core philosophy, principles, policies, value system and operating platform. The Bank's foundation is built on the lessons of experience of existing MDBs and the private sector. Its modus operandi will be lean, clean and green: lean, with a small efficient management team and highly skilled staff; clean, an ethical organization with zero tolerance for corruption; and green, an institution built on respect for the environment. The AIIB will put in place strong policies on governance, accountability, financial, procurement and environmental and social frameworks." (AIIB website)

AIIB was formed by China in 2014 and has about 50 supporting countries. The UK was the first G7 country to join.

**Asian option**

Option that has an exercise price calculated on the *average* price of the underlying security over the period.

**ask**

Lowest price at which a dealer will sell a specific number of shares or other securities at any given time. The highest price is known as the bid.

**asked price**

Price at which a security or commodity is offered for sale, or at which a loan will be granted at a particular time. Similar to **offer price**. The equivalent figure for the seller is known as **bid and asked**.

**asking price**

Price at which any item is offered for sale. The term suggests that the seller may be willing to sell for a lower figure.

**ask price**

Another term for **asked price**.



**as near thereto as she may safely get always afloat**

Qualifying statement which traditionally appears in a **bill of lading**. It allows the ship owner the right to use a different destination port if it is not possible for the ship to dock at the intended port without grounding.

**ASO** Administrative services only.

**ASP** (1) **Accountancy service provider**  
(2) **Alternatively secured pension**  
(3) Act of the Scottish Parliament.  
(4) American Selling Price, system adopted by American Customs for import duty purposes.  
(5) Average selling price.

**asp** Act of the Scottish Parliament.  
Lower case letters are used for this abbreviation in such Acts.

**aspect ratio** Ratio between width and height of a computer screen, or similar.

**asper** Old Turkish coin worth  $\frac{1}{120}$  of a piastre. It was originally a silver coin.

**as per advice** Words written on a **bill of exchange**. They indicate that the drawee has been informed that the bill is being drawn on him.

**asphalt** Black or dark brown hard bituminous substance found with liquid oil. It is widely used in road-building. It is specifically exempt from hydrocarbon oil duty.

**asp heterism** Denial of the right to private property.

**aspirations** Aims or wishes of a worker or groups of workers. These are often considered in pay negotiations with trade unions.

**asportation** Taking away. In law, this was a requirement for a charge of larceny. This provision is abolished under Theft Act 1968.

**ASPP** **Additional statutory paternity pay.**

**Asprey Report** Report on taxation submitted to the Australian government in 1975. It led to a re-ordering of the personal tax system.

**Asquith, H H** English politician (1852-1928) who served as Chancellor of the Exchequer from 10 December 1905 to 12 April 1908 under the Liberal government of Sir Henry Campbell-Bannerman. He introduced the Liberal reforms including the first old age pensions. He was prime minister from 5 April 1908 to 5 December 1916.

**as required** In management accounting, an indication that the amount of material to be used varies. The term is typically used for low cost items such as string and

glue. Such an item is costed at a typical figure.

**assart** Old term meaning to reclaim land for agriculture, such as removing trees or grubbing up hedges.

**assault** Intentional or reckless act that causes someone to be put in fear of immediate physical harm. Physical contact is not necessary for this offence.

This is a criminal offence, and can also give rise to civil proceedings for trespass against the person.

Assault on an officer of HMRC is a further offence under Commissioners for Revenue and Customs Act 2005 s32.

**assault on an emergency worker**

This is made a more serious offence under Assaults on Emergency Workers (Offences) Act 2018. The fact that the victim was an emergency worker engaged in such work is treated as an aggravating factor.

**assay** Test of a metal to see what it contains. This is particularly used to determine whether an item is made up largely of gold or another precious metal, and is not an **alloy** with a **base metal**.

**assay mark** Symbols on gold and silver to indicate its **provenance**.

**assay-master** Officer who determines how much precious metal there is in coin or bullion.

**assay piece** Coin, item of jewellery or other sample which is offered for assaying on behalf of all such items.

**assayer** Person who **assays** coins, jewellery and similar items.

**assembly** Stage of manufacturing which involves putting components together, rather than making the components.

**Assembly constituent members**

Members of Welsh Assembly elected from its constituencies.

**assembly line** Line of workers who put together products, usually passing items to each other. The method was pioneered by the Ford Motor Co.

The advantage is that each worker only has to learn one skill, producing quicker results and reducing the need for training. This must be balanced by the sheer boredom of doing one task all day. A compromise to split the workforce into small teams which have the responsibility for a range of tasks but is allowed to work out themselves who and how they will be performed.

Assembly lines are distinguished between mechanical lines and non-mechanical lines. The former is where components move on a slow conveyor belt; the latter is where assemblers collect the parts.

Assembly line work is usually undertaken *before* demand for the products. Matching demand to supply is known as **pacing**.

From the 1970s many assembly lines have been replaced by robots and

similar automated systems.

<b>assembly line balancing</b>	<p>Procedures to maximise output from an <b>assembly line</b> by addressing the different times required for each task. For example, task A may take 10 minutes while task B takes 12 minutes. Without some balancing, either A wastes 2 minutes out of every 12 to accommodate B, or B cannot complete every sixth task.</p> <p>Many methods have been devised to deal with such problems. Some of the more common methods are:</p> <ul style="list-style-type: none"><li>• equalising the work, so that some of the longer tasks are added to shorter tasks;</li><li>• having more than one person assigned to one task, so if one task takes 10 minutes and another takes 20 minutes, there will be two people assigned to the second for every one assigned to the first;</li><li>• having a separate assembly with its own speeds to take work from other assembly lines;</li><li>• having buffer stocks of partly-completed items to occupy what would otherwise be idle time.</li></ul>
<b>assembly referendum</b>	<p>Proposed referendum for a regional assembly (Regional Assemblies (Preparations) Act 2003 s1).</p>
<b>Assembly regional members</b>	<p>Members of Welsh Assembly elected by regional colleges.</p>
<b>assent</b>	<p>Formal acknowledgment of acceptance. This includes acceptance of property under Administration of Estates Act 1925.</p>
<b>assented stock</b>	<p>Ordinary share (or sometimes another form of security) whose holder has agreed to the terms of a <b>takeover bid</b>. The opposite is known as <b>non-assented stock</b>. Occasionally, assented and non-assented stock attract different prices.</p>
<b>assent of executor</b>	<p>Requirement for a person to inherit under a will.</p>
<b>assent procedure</b>	<p>Procedure introduced in 1986 to give the European Parliament a new power in relation to legislation produced by the European Commission.</p>
<b>assert</b>	<p>Claim decisively and unequivocally.</p>
<b>asserted advantage</b>	<p>The tax advantage sought from <b>chosen arrangements</b> in a tax avoidance scheme.</p>
<b>assertions</b>	<p>In auditing, "representations by management, explicit or otherwise, that are embodied in the financial statements, as used by the auditor to consider the different types of potential misstatements that may occur". (FRC Auditing Standards and Guidance glossary).</p>
<b>assess</b>	<p>Determine the value of.</p> <p>For auditing, the term is defined: "analyze identified risks or to conclude on their significance. Assess, by convention, is used only in relation to risk." (FRC Auditing Standards and Guidance glossary).</p>

*[The text gives the italicised "or" as "of", which is assumed to be a typing error.]*

<b>assessable income</b>	In international taxation, a person's income subject to tax after all allowances, exemptions and reliefs have been allowed.
<b>assessed risk</b>	in auditing, risk of misstatement by the management of an entity as assessed by the auditor in accordance with International Standard on Auditing ISA 315. The auditor's responsibilities are explained in ISA 330.
<b>assessed tax</b>	Amount or rate at which each category of income is subject to income tax.
<b>assessed value</b>	In international taxation, the value on which a tax is charged. This is usually the annual value or market value from which various allowances and reliefs may be subtracted.
<b>assessee</b>	Person who is assessed.
<b>assessing procedure</b>	Means by which HMRC determines amount of tax payable when this has not been provided by the taxpayer. The procedure is given in Taxes Management Act 1970 s30A.
<b>assessing window</b>	Period in which HMRC may legally assess a taxpayer for a penalty. The term is used in the Inspector's Manual at SAOG 21200.
<b>assessment</b>	<p>Method used to create a legally enforceable debt. This applies if there is a failure to declare taxes or charges, or submit returns, that are due; or if an incomplete, or incorrect, declaration is made.</p> <p>HMRC may raise an assessment for tax when the taxpayer has not submitted a proper and accurate return. Such an assessment must be made to the tax inspector's best judgment. This was explained in the case <i>Johnson v Scott [1978] 52TC383</i>:</p> <p>~</p> <div data-bbox="556 1420 1605 1856" style="border: 1px solid black; padding: 5px;"><p>"Of course all estimates are unsatisfactory; of course they will always be open to challenge in points of detail; and of course they may well be under-estimates rather than over-estimates as well. But what the Crown has to do in such a situation is, on the known facts, to make reasonable inferences. When, in paragraph 7(b) of the case stated, the commissioners state that (with certain exceptions) the inspector's figures were 'fair' that is, in my judgment, precisely and exactly what they ought to be, fair. The fact that the onus is on the taxpayer to displace the assessment is not intended to give the Crown carte blanche to make wild or extravagant claims. Where an inference of whatever nature falls to be made, one invariably speaks of a 'fair' inference. Where, as is the case in this matter, figures have to be inferred, what has to be made is a 'fair' inference as to what such figures may have been. The figures themselves must be fair."</p></div>
<b>assessment (Scotland)</b>	<p>Details are given in <b>Revenue Scotland assessment</b>.</p> <p>It should be noted that in Scotland there is generally a 5-year limit (Revenue Scotland and Tax Powers Act 2014 s103(1)).</p>

<b>assessment base</b>	In insurance, the base on which a deposit insurer calculates the premiums for the insured depositors.
<b>assessment centre</b>	Selection technique used for appointments which typically require a significant investment in training by the employer. Examples include most management training schemes. An assessment centre typically requires a person to perform supervised tasks over several days. The additional cost and effort is justified as leading to better selection of candidates.
<b>assessment date</b>	Date on which an undertaking must meet the conditions for a small business under Enterprise Act 2016 s2(5).
<b>assessment for interest overpayments</b>	Such an assessment may be raised under Value Added Tax 1994 s78A.
<b>assessment notice</b>	Notice issued by the Information Commissioner that requires a data controller or processor to permit the Commissioner to make an assessment on compliance with data protection regulations (Data Protection Act 2018 s146).
<b>assessment period</b>	<p><i>Tax</i></p> <p>Period for which a tax is charged. The period is usually one year.</p> <p><i>Universal credit</i></p> <p>For universal credit. "a period of prescribed duration" (Welfare Reform Act 2012 s7(2)).</p> <p><i>Small business</i></p> <p>Period for which an undertaking must meet the conditions for being a small business (Enterprise Act 2016 s2(5)(a)).</p>
<b>assessment phase</b>	<p>First weeks of entitlement to <b>employment support allowance</b>. The phase usually lasts for 13 weeks. During this period, the claimant receives just a <b>basic allowance</b>.</p> <p>It is followed by the <b>main phase</b> where either <b>support component</b> or <b>work-related activity component</b> may also be paid.</p>
<b>assessor</b>	Person who makes any kind of assessment. In some instances, this includes a person who may provide assistance to a court while not taking part in the decision.
<b>assessor of taxes</b>	<p>An old office held by people appointed by the <b>general commissioners</b> (now also abolished) or sometimes by magistrates. Their function was to assess how much income tax a person had to pay. This work is not done by inspectors. They also fixed notices to church doors requiring parishioners to pay tax. The appointment was made under Income Tax Act 1918 ss76-79.</p> <p>Although the abolition of this office was advocated in a Report of the Royal Commission on Income Tax Cmd 615 at p86 in 1920, abolition did not come until 6 April 1947 under Finance Act 1946 s62(1).</p>

## asset

### *Definition*

Money, something that become money, or something worth money. The opposite to an asset is a **liability**.

“A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entitu” (FRS 102 glossary).

“An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity” (FRS 102 section 2.15(a)).

“A resource:

(a) controlled by an entity as a result of past events; and

(b) from which future economic benefits are expected to flow to the entity” (IAS 38 para 8; IAS Conceptual Framework para 4.4(a)).

FRS 5 para 1 defines an asset as “rights or other access to future economic benefits controlled by an entity as a result of past transactions or events”.

HM Treasury glossary defines an asset as “anything of positive economic value that can be owned or controlled”.

### *Types of asset*

In accountancy, assets are usually distinguished between **fixed assets** and **current assets**. The difference is that a fixed asset is expected to last for at least one year from the balance sheet date. Fixed assets include land, buildings, plant, machinery, furniture and vehicles. Current assets include stock, debtors, prepayments and cash.

A further distinction is made between **tangible assets** and **intangible assets**. The former have physical form, and include land, buildings, vehicles, machines and furniture. The latter have no physical form. They include copyright, patents, know-how and goodwill.

## asset account

In bookkeeping, account in which the financial value of a fixed asset is recorded.

## asset allocation

Process of determining how an investment vehicle should invest its funds between different types of investment. The process usually starts by analysing the requirements of the investor.

## asset allocation optimisation

Investment technique that maximises the return of a diversified portfolio within the constraints set by the investor.

## asset and liability management committee

In banking, a senior management committee which has overall supervision for the management of the bank's assets and liabilities.

## asset backed

Description of a business whose market value is largely represented by tangible assets such as land and plant.

## asset-backed fund

Fund in which money is invested in tangible or corporate assets rather than in loans and intangibles.

<b>asset-backed security</b>	Share, bond or other form of financial instrument whose value is largely determined by ownership of tangible fixed assets.
<b>asset card</b>	American term for a <b>debit card</b> .
<b>asset ceiling</b>	For employee pension schemes and similar, "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan" (IAS 19 para 8).
<b>Asset Confiscation Enforcement (ACE)</b>	Teams that enforce the confiscation of assets under Proceeds of Crime Act 2002.
<b>asset constraint</b>	Restriction on what assets may be contained in a portfolio.
<b>asset cover</b>	<b>Accounting ratio</b> which provides a measure of a company's solvency. It is calculated as net assets divided by debt. In general, the higher the figure, the more solvent is the company.
<b>asset derived from other assets</b>	Assets that have been merged or divided, or whose nature has otherwise changed. The capital gains tax treatment of such assets is given in Taxation of Capital Gains Act 1992 s43.
<b>asset financing</b>	Funding secured on fixed assets, secured loans, mortgages and hire purchase are examples.
<b>asset held by a long-term employee benefit fund</b>	For accounting standards, "an asset (other than non-transferable financial instruments issued by the reporting entity) that: (a) is held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits, and (b) is available to be used only to pay for fund employee benefits, is not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan [of] the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid." (FRS 102 glossary).
<b>asset held on 6 April 1965</b>	There are special provisions for capital gains tax for assets that have been from before 6 April 1965 (Taxation of Capital Gains Act 1992 Sch 2).
<b>asset held in 6 April 1982</b>	There are special provisions for capital gains tax for assets that have been held from before 6 April 1982 (Taxation of Capital Gains Act 1992 Sch 3). Broadly gains that accrued before 1982 are exempt from tax. The 1982 valuation may be determined exactly or determined as a pro rata value according to the period of ownership.

<b>asset-liability gap</b>	In banking, a measure of a bank's risk. It looks at the risk-sensitive assets and liabilities for the same time frame.
<b>asset-liability management</b>	In banking, the management of assets and liabilities to minimise risks, particularly with regard to interest rates, liquidity and credit.
<b>asset lock</b>	Arrangement used by a <b>community interest company</b> to ensure that those assets cannot be distributed to members or shareholders.
<b>asset management</b>	(1) In business management, looking after the financial assets of a business to maximise their overall <b>return</b> . (2) In banking, a service offered to look after a client's assets. This service is usually offered to the very wealthy.
<b>asset management activities</b>	In relation to the bank levy, the term is defined in Finance Act 2011 Sch 19 para 71. In relation to corporation tax, the term is defined in Corporation Tax Act 2009 s133F as inserted by Finance (No 2) Act 2015 s18. It is also defined in Corporation Tax Act 2010 s269BC(2).
<b>asset management plan (AMP)</b>	Method of maintaining a large fixed asset by routine replacement of parts. The accounting and tax implications are discussed in the Inspectors' Manual at BIM31065.
<b>asset management revenue account</b>	An account that a local authority is required to maintain. It is used as a balancing account to record capital charges made into service revenue accounts, and other capital accounting entries so there is no cost to the taxpayer.
<b>asset No 1, 2, 3</b>	Terms used in relation to <b>hold-over relief</b> for capital gains tax (Taxation of Capital Gains Act 1992 s154).
<b>asset play</b>	Investment strategy that seeks to identify companies whose asset values per share are worth more than the current share price. It is a form of value investing.
<b>Asset Protection Scheme</b>	Scheme announced by Chancellor of the Exchequer on 26 February 2009 to protect banks in the economic crisis. Its legal provisions are contained in Financial Services Act 2010 s19.
<b>asset purchases</b>	In investment, the term is used for a buyout which acquires the assets of a business, rather than the whole business. This has several tax implications. VAT will usually be payable on the assets, as there is no <b>transfer as a going concern</b> . Corporation tax restrictions on acquiring a business are usually avoided.
<b>asset rich</b>	Description of a person or business with valuable tangible fixed assets, such as land and buildings.



<b>asset rich, cash poor</b>	Description of a person or business with valuable tangible fixed assets, such as property, but who has inadequate or barely adequate cashflow. A common example is an older person who may own a valuable freehold house but have a low income from pensions.
<b>assets</b>	Plural of <b>asset</b> . Rights or other access to future economic benefits controlled by an entity as a result of past transactions or events. In relation to tax avoidance by <b>transfer of assets abroad</b> , assets "includes property or rights of any kind" including shares and obligations (Income Tax Act 2007 s717).
<b>assets amount</b>	Total assets as shown in a company's balance sheet. In relation to distributable profits of a company being wound up, it is defined in Corporation Tax Act 2010 s166(3).
<b>asset securitisation</b>	Process of turning assets into tradeable <b>securities</b> .
<b>asset-sensitive</b>	In banking, description of a situation where the bank's assets are of shorter duration (or have a shorter period before repricing) than the corresponding liabilities. This makes a bank vulnerable to interest rate risks.
<b>assets-limit condition</b>	In relation to <b>dormant accounts</b> , a description of a bank whose balance sheet assets do not exceed £7 billion (Dormant Bank and Building Society Accounts Act 2008 s3(1)).
<b>assets of community value</b>	Term used in Localism Act 2011 from s87. A local authority must maintain a list of land that meets the requirements.
<b>Assets Recovery Agency (ARA)</b>	Agency established under Proceeds of Crime Act 2002 s1(1).
<b>assets held by a long-term employee benefit fund</b>	A full accounting definition appears in IAS 19 para 8.
<b>asset stripping</b>	Practice of buying a business, not for its trading value, but for the value of the assets it owns. The business is then closed, the workforce dismissed, and the assets sold for a quick profit.
<b>assets under management</b>	In investment, amount of a client's funds which are under the control of a fund manager.
<b>asset swap</b>	Exchange of assets between two parties. The most example is when two financial instruments swap assets of different cashflows to match each of their needs.
<b>asset turnover ratio</b>	<b>Accounting ratio</b> which indicates how quickly a company uses its assets. It is calculated by dividing turnover by current assets minus current liabilities. In general, a high ratio indicates an efficient business, but this is subject to an understanding of the nature of the business.

<b>asset used by employee</b>	<p>Term used to describe the taxable benefit in kind rules when an employee is allowed to use an employer's asset but without acquiring ownership.</p> <p>The general rule is that the employee is subject to tax on 20% of the asset's value (10% before 5 April 1980).</p> <p>If an asset is not used for the whole tax year, it is apportioned on a time basis. An explanation of what this means was given by the Special Commissioners in the case <i>Kerr v Brown (No 2)</i> [2003].</p> <p>There are many assets for which different provisions apply, particularly including company cars (taxed on a separate basis) and mobile phones (not taxed).</p>
<b>asset value</b>	<p>Amount a person's or company's property is believed to be worth. It is calculated by adding together the value of each asset, once the basis of valuation has been established.</p>
<b>asset with enhanced value</b>	<p>Term used in Taxation of Capital Gains Act 1992 s31 in relation to taxation of a distribution followed by a disposal of shares.</p>
<b>asset X</b>	<p>Term used in relation to a second-hand asset in mineral extraction (Capital Allowances Act 2001 s407(1)).</p>
<b>asset Y</b>	<p>Term used in relation to an intra-group transfer in mineral extraction (Capital Allowances Act 2001 s412(2)).</p>
<b>asseverate</b>	<p>Solemnly declare.</p>
<b>assiento</b>	<p>Historic form of treaty, particularly that between Britain and Spain in 1713 for the provision of slaves.</p>
<b>assign</b>	<p>Any arrangement whereby a benefit is transferred to another person. Also see <b>assigns</b>.</p>
<b>assignable letter of credit</b>	<p>Another name for a <b>transferrable letter of credit</b>.</p>
<b>assignat</b>	<p>Bank note issued between 1790 and 1793 by the revolutionary government of France. Its value was secured on church lands.</p>
<b>assignation</b>	<p>In Scots law, "the transfer of a right from one party to another" (Judiciary of Scotland website glossary).</p> <p>For VAT, the word <b>assignment</b> means assignation in Scotland (Value Added Tax 1994 s96(1)).</p>
<b>assignatus utitur jure auctoris</b>	<p>Latin: an assignee is clothed with the right of his principal.</p>
<b>assigned matter</b>	<p>"Any matter in relation to which the Commissioners, or officers of Revenue and Customs, have a power or duty" (Customs and Excise Management Act 1979 s1(1)).</p>
<b>assignee</b>	<p>Person to whom something is <b>assigned</b>.</p>

**assignment**

*General*

A transaction whereby the rights of **ownership** are transferred to another person.

*Life insurance*

Assignment commonly arises when the benefits of a **life insurance** policy are assigned to a lender as a condition of a **mortgage**. This means that if the **policyholder** dies before the mortgage is repaid, the lender may claim the balance of the loan from the proceeds of the insurance policy. Assets so assigned are commonly known as **collateral**. When the mortgage is finished, the lender **releases** the security so the rights of ownership revert to the original owner.

*Value added tax*

The word "in relation to Scotland, means assignation"

**assignment capsule**

Business jargon for a clearly defined job description.

**assignment of action**

Process by which a writ in the Chancery Division of the High Court is assigned to a group of judges.

**assignment of contract**

Process by which a liability under a contract may be passed to another party. Generally, a liability cannot be assigned unless the other party agrees. This creates a **novation**. It is much easier to assign a right or benefit under a contract.

**assignment of insurable interest**

In insurance, the assignment of a right under a life insurance policy so that the assignee will collect the proceeds on death. This is commonly found on life assurance arranged in connection with a domestic mortgage.

**assignment of life policies**

In insurance, the transfer of legal rights to collect the proceeds. Life policies are generally the only insurance policies which can be so assigned. It is a popular method of obtaining value from **endowment policies**.

**assignment of rights**

For stamp duty land tax, when A sells a property to B to sell to C, but B drops out of the transaction. Such an assignment may qualify for **sub-sale relief**.

**assignment of seamen's wages**

Provision under Defence (General) Regulations 1939 reg 47D whereby wages of seamen could be assigned to bodies providing benefits to them.

Although this provision has long been repealed, Finance Act 1944 s45 remained in force to exempt such assignment from stamp duty. This provision was finally repealed in 2013.

**assignment of tax**

Transfer of a taxation power from a higher level of government to a lower one.

<b>assignment of VAT</b>	Arrangement by which VAT is passed to the Scottish Parliament under Scotland Act 1998 s64A as inserted by Scotland Act 2016 s16.
<b>assignor</b>	Person who <b>assigns</b> .
<b>assigns</b>	In relation to capital allowances, this term is defined in Capital Allowances Act 2001 s268E.
<b>assimilate</b>	Make into something similar or to subsume to the same effect.
<b>assisa cadera</b>	Latin: a non-suit.
<b>assist</b>	Provide help to, particularly by assisting someone in various tasks.
<b>assistance</b>	In the context of international aid, "means assistance in any form or of any nature, including — (a) financial or <b>technical assistance</b> , and (b) assistance consisting in a supply of materials". (International Development Act 2002 s5(1)).
<b>assistance dog</b>	Guide dog or other dog which assists a disabled person. The term is used in Private Hire Vehicles (Carriage of Guide Dogs etc) Act 2002 s1.
<b>assistance test</b>	One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of <b>IR35</b> .
<b>assistant</b>	Person who provides help to another.
<b>assisted area</b>	Area in the UK where regional aid may be granted under EU legislation. The areas are listed in SI 2007 No 107. Their status as an assisted area runs from 13 February 2007 to 31 December 2013.
<b>assisting an enemy</b>	Offence for military personnel under Armed Forces Act 2006 s1.
<b>assize rents</b>	Fixed and certain rents.
<b>Assizes</b>	Former sessions of criminal court, now replaced by the Crown Court under Courts Act 1971 s4. In Scots law, "this word is occasionally and formally used to mean a trial by jury" (Judiciary of Scotland website glossary).
<b>associate</b>	<b>Accounting</b> "An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture" (FRS 102 glossary). "An entity over which the investor has significant influence" (IAS 28 para 3).  <b>Close companies</b> "In relation to a <b>participator</b> :

- (a) any relative or partner of the participator
  - (b) the trustees of the settlement in relation to which the participator is, or any relative of his (living or dead) is or was, a settlor, and
  - (c) where the participator is interested in any shares or obligations of the company which are subject to any trust, or are part of the estate of a deceased person:
    - (i) the trustees of the settlement concerned or, as the case may be, the personal representatives of the deceased; and
    - (ii) if the participator is a company, any other company interested in those shares or obligations" (Income and Corporation Taxes Act 1988 s417(3).
- For (a), relative means "a spouse, civil partner, parent or remoter forebear, child or remoter issuer, or brother or sister (ibid s417(4)).

#### **Community interest tax relief**

The term is defined in Corporation Tax Act 2010 s268.

#### **Experts and valuers: company law**

In relation to an expert or valuer required under company law for a merger or division of a company, the term is defined in Companies Act 2006 s937.

#### **Employment**

Term increasingly used for employees in businesses which want to stress the concept of partnership between management and the workforce.

#### **Company law**

For members of a company, the term "associate" is defined in Companies Act 2006 s1152.

In a **takeover bid**, an associate is a nominee or similar acting on behalf of the offeror. A full definition is given in Companies Act 2006 s988.

#### **Investment schemes**

The definition of when two investment schemes are associated is given in Income Tax Act 2007 s809FZZ(1) as inserted by Finance Act 2016 s37.

#### **associate company**

Alternate name for an **associated company**. This term is used in Corporation Tax Act 2010 s25.

#### **associated acquisition**

Payment made by a company to a charity on condition that the charity uses it to make an acquisition.

Such an acquisition can disqualify a **charitable payment** from tax relief under Corporation Tax Act 2010 s193.

#### **associated benefit**

Benefit received by a charitable donor from the charity. The general principle is that nominal benefits, such as a book or free admission to grounds, are ignored. More substantial benefits can have the effect of restricting the tax relief under **Gift Aid**.

Under Income Tax Act 2007 s418(2) the limit on the associated benefit is:

- (a) 25% for gifts up to £100

(b) £25 for gifts between £100 and £1,000

(c) 5% for gifts over £1,000.

From 2019, the benefit changes to 25% for gifts up to £100, and 5% of the amount above £100.

It is also a condition that the benefits associated with the gift, including any **relevant prior gift** do not exceed £2,500 (£500 before 6 April 2011).

Equivalent rules for donations from companies are found in Corporation Tax Act 2010 ss195-198.

**associated companies**

In relation to corporation tax and banks, this term is given a specific meaning in Corporation Tax Act 2009 s133L.

In relation to corporation tax on oil companies, this term is defined in Corporation Tax Act 2010 s271.

**associated company**

**Accounting**

Term that was used to describe a company where a parent company owned between 20% and 50% of its shares. A smaller holding made the company an investment; a larger holding made the company a **subsidiary**.

The term "associated company" was used in SSAP 14. It was replaced in 1992 by FRS 2 which uses the term **participating interest**.

For capital gains tax, definition in *re Johnson Publishing (North) Ltd [2008]*.

Stamp duty is not payable on property transferred between associated companies (Finance Act 1930 s42).

**Tax**

"A company is to be treated as another's associated company at a given time if, at that time or at any other time within one year previously, one of the two has control of the other, or both are under the control of the same person or persons" (Income and Corporation Taxes Act 1988 s416(1)).

**associated donation**

Term used in relation to **tainted charity donations** (Income Tax Act 2007 s809ZM(4) and Corporation Tax Act 2010 s939F(4)).

**associated employments**

Term used in Income Tax (Earnings And Pensions) Act 2003 s24(4)(b) which means employment with the same employer or an associated employer. To the extent that this generates **chargeable overseas earnings** they must be aggregated.

**associated enterprise**

Term used in OECD model treaty for double taxation.

**associated index**

Separate index for a **register of interests** (Companies Act 2006 s810).

**associate director**

Term occasionally used for someone who attends board meetings but who has not been elected a director by the shareholders.

**associated operations**

In inheritance tax, when two or more transactions or operations are so connected that they are treated as a single transaction or operation.

An example is when a man transfers an asset to his wife who transfers it

to a discretionary trust.

- associated persons** Term used in Income Tax (Earnings And Pensions) Act 2003 s421C in relation to employment-related securities.
- associated properties** Properties that are connected, such as an outbuilding to a main residence. The term is used in Inheritance Tax Act 1984 s32A in relation to **conditionally exempt transfers**.
- associated returns** Returns of income tax and national insurance for the same period by the same person. This concept is introduced in Social Security Contributions and Benefits Act 1992 Sch 1 para 7(13)).
- associated state** "A territory maintaining a status of association with the United Kingdom in accordance with the West Indies Act 1967" (Interpretation Act 1978 Sch 1).
- associated transaction** For stamp duty, a transaction that is regarded as being part of a single transaction.
- associated with** In relation to **index-linked gilt-edged securities**, this term is defined in Corporation Tax Act 2009 s400C.
- association**
- Law*
- Informal group of people who meet for a common purpose.  
Their VAT position is explained in VAT leaflet 701/5.
- Statistics*
- Tendency of two events to occur together.
- Association Agreement** Agreement reached between the **European Union** and another country prior to their becoming members. Such an agreement was particularly used for Greece before its accession in 1981. The agreement requires reciprocal reductions of duty, and free circulation of goods.
- Association Cambiste Internationale (ACI)**
- Body founded in France in 1955 in an agreement between foreign exchange dealers in London and Paris. Other countries have since joined. It is an association of international financial markets.
- Association for Payment Clearing Services (APACS)**
- An association formed by the clearing banks in 1985 to manage payment clearing in the UK. It also deals with transmission of funds from overseas to the UK.
- APACS has three divisions:
- **BACS Limited company**
  - **Cheque and Credit Clearing Company Ltd**
  - **CHAPS.**

**Association of Accounting Technicians (AAT)**

Professional body for **accounting technicians**.

**Association of African Development Finance Institutions**

Organisation set up in 1975 in Côte d'Ivoire to encourage and support project funding in African countries.

**Association of British Insurers (ABI)**

An association representing some 450 insurance companies which account for over 95% of the business transacted by UK insurance companies. Is the forum through which UK insurance companies collectively liaise with Government Departments and other bodies. Brings insurance companies together to set industry standards and codes of practice.

**Association of Chairs**

Body for chairmen of charities and other non-profit making bodies.

**Association of Chartered Accountants in the United States (ACAUS)**

Body which represents chartered accountants who are based in the USA.

**Association of Chartered Certified Accountants (ACCA)**

Professional body for certified accountants.

It was founded in 1904 as an alternative to the Institutes of Chartered Accountants for those who could not afford to pay the premium then required. It currently has more than 170,000 members and more than twice as many students from round the world.

Members' designatory letters were formalised as FACCA and AACCA in 1948, before changing to the present FCCA and ACCA in 1971.



ACCA was granted its royal charter in 1974. It was renamed the Chartered Association of Certified Accountants (CACA) in 1984, and its present name in 1996 when it adopted its current logo.

**Association of Convenience Stores (ACS)**

"The Association of Convenience Stores is the voice of over 33,500 local shops, supporting our members through effective lobbying, comprehensive advice and innovative networking opportunities.

"ACS' core purpose is to lobby Government on the issues that make a difference to local shops, supported by an expanding research programme designed to discover new information about the convenience sector which can be used to inform decision making both in Government and with those involved directly in the sector."(ACS website).



**Association of Corporate Treasurers (ACT)**

Professional body for corporate treasurers. This body was formed in 1979.

**Association of Financial Advisers (AFA)**

Trade association which represents independent financial advisers.

**Association of Futures Brokers and Dealers (AFBD)**

Self-regulating body which oversees the activities of futures brokers and dealers.

**Association of International Bond Dealers (AIBD)**

Names of the body that in January 1992 became known as **International Securities Market Association**.

**Association of Investment Trust Companies (AITC)**

Association formed in 1932 to represent the interests of investment trust companies.

**Association of Lloyd's Members (ALM)**

Voluntary organisation set up for external members of Lloyd's insurance market.

**Association of Natural Rubber Producing Countries (ANRPC)**

Organisation set up by countries which produce natural rubber to promote mutual interests such as marketing and development of rubber.

**Association of Private Client Investment Managers and Stockbrokers (APCIMS)**

Body formed in 1990 to represent the interests of investment managers and stockbrokers.

**Association of Publishing Agencies (APA)**

Trade body representing contract publishers. Affiliated to PPA.

**Association of Taxation Technicians (ATT)**

Professional body for those who provide tax compliance services.

**Association of Tin Producing Countries (ATPC)**

Organisation of countries which produce tin. Its main aim is to control the market price.

**Association of Unit Trusts and Investment Funds (AUTIF)**

Body established in 1959 which represented managers of collective investment funds. In February 2002, it merged with the Fund Managers Association to form the **Investment Managers Association**.

**assoilzie**

In Scots law, "in civil law it means to find for the defender or responder in respect of the claim(s) made by the pursuer" (Judiciary of Scotland website glossary).

<b>asst</b>	Abbreviation: assistant.
<b>assumable mortgage</b>	Mortgage which may be passed to someone else.
<b>assumed income entitlement</b>	In relation to calculations of tax on income from an estate in administration, this term is explained in Corporation Tax Act 2009 s948.
<b>assumed mean</b>	<p>Method of calculating an <b>arithmetic mean</b>. This is useful when the numbers being averaged are particularly large or where the unit of measure is not decimal.</p> <p>Instead of adding up the numbers themselves, a number is chosen as one that appears to be close to the mean. The differences between the number and assumed mean are then averaged. For example, suppose we want the arithmetic mean of:</p> <p>24678, 24645, 24662 and 24617.</p> <p>We can see that the arithmetic mean is probably around 24650. The differences are +28, -5, +12 and -31. These add up to -4, of which the average is -1, so we know that the arithmetic mean is 24649.</p> <p>Suppose we want the arithmetic mean of four people whose ages are 44 years 3 months; 44 years 6 months; 46 years 1 month and 47 years 2 months. We could adopt an assumed mean of 45 years. From this the differences are -9, -6, +13 and +26. These add up to +24, of which the average is +6, so we know that the arithmetic mean is 45 years 6 month.</p> <p>Note that this method gives the exact answer, and it does not matter what the assumed mean is.</p>
<b>assumed notional council tax (ANCT)</b>	The standard level of <b>council tax</b> for a <b>Band D property</b> (the middle of the range) if all the local authorities spent at the level of their <b>Formula Spending Share (FSS.)</b>
<b>assumed yield</b>	<p>Term used by DWP in relation to deemed income from capital in determining entitlement to a means-tested benefit. For universal credit, the assumed yield is £4.35 for every £250 of capital above £6,000.</p> <p>The term <b>tariff income</b> is sometimes preferred.</p>
<b>assumpsit</b>	Latin: he promised or undertook.
<b>assumption</b>	<p>Something which is regarded as so obvious that it does not need proving. Assumptions are widely used in cost accounting, project management and other branches of business management.</p> <p>In most cases, the assumptions should be stated as there is an element of risk if the assumption proves not to be accurate.</p>
<b>assurance</b>	<p>(1) Undertaking or guarantee of some sort. In finance, the term can mean a letter confirming a balance or agreeing to make payments. The term is also an abbreviation for <b>life assurance</b>, where payment is made on death at any age.</p> <p>(2) In law, a surrender, assignment, conveyance or appointment under a power.</p>

<b>assurance commissioner</b>	<p>Commissioner of HMRC who, from 2012, is required to agree to any arrangements reached with large companies involving more than £100 million in tax.</p> <p>This was one of the measures that followed criticism in 2011 of HMRC in alleged <b>sweetheart deals</b> negotiated with Vodafone and Goldman Sachs.</p>
<b>assurance engagement</b>	<p>For auditing, "an engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the evaluation or outcome of the evaluation or measurement of a subject matter against criteria." (FRC Auditing Standards and Guidance glossary).</p> <p>The definition gives further explanation.</p> <p>There are two types of such engagement known as <b>reasonable assurance engagement</b> and <b>limited assurance engagement</b>.</p>
<b>assurance undertaking</b>	<p>For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).</p>
<b>assuré contre l'incendie</b>	<p>French: insured against fire.</p>
<b>assured</b>	<p>In insurance, person named in a life policy to receive the proceeds of a claim.</p>
<b>assured agricultural tenancy</b>	<p>Assured tenancy for farmworkers. It replaced protected occupancies from 15 January 1989.</p>
<b>assured shorthold tenancy</b>	<p>Tenancy of at least six months that became possible under Housing Act 1988.</p>
<b>assured tenancy</b>	<p>Form of tenancy created under Housing Act 1988. The premises must be a separate dwelling within certain rateable limits. From 28 February 1997, all new residential tenancies are assured shorthold tenancies unless notice is given that it is a different form of tenancy.</p>
<b>assured tenancy allowance</b>	<p>Capital allowance for a property let on an assured tenancy, usually by a housing association or similar body (Capital Allowances Act 2001 from s490).</p> <p>An assured tenancy is as defined in Housing Acts of 1980, 1988 and 1996.</p>
<b>assurer</b>	<p>Company which sells <b>life assurance</b>.</p>
<b>assymmetric information</b>	<p>Any arrangement where some people inevitably have more and better information than others. For example, directors of a company will always know more than other investors.</p>
<b>assymmetric margining</b>	<p>Situation where parties to a contract are subject to different <b>margin conditions</b> reflecting their relative creditworthiness.</p>
<b>assymmetric payoff</b>	<p>Situation where the arrangements for paying off investors or others depends on the result. Typically, the term applies to bonds or options where the payment depends on whether the market has risen or fallen.</p>

<b>assymetry condition</b>	One of two conditions that brings into effect the rules for <b>group mismatch schemes</b> . The conditions are given in Corporation Tax Act 2010 s938C.
<b>assythment</b>	Obsolete term in Scots law meaning an indemnity from someone who has caused a death.
<b>AST</b>	<b>Automated screen trading.</b>
<b>astatki</b>	Fuel made from the residue of petroleum distillation.
<b>asterisk</b>	<p>Small star in the form * used in printing to draw the reader's attention to a separate piece of text for that item. Other symbols which serve the same purpose include the <b>obelus</b> and <b>double obelus</b>.</p> <p>The asterisk also denotes a <b>total</b> (but not a sub-total or product) on an <b>adding machine</b>.</p>
<b>as the case may be</b>	<p>Expression used in some legislation, in the construction "A or, as the case may be, B".</p> <p>Although widely used, the words have no meaning. If a situation prevents B being an alternative, the words "A or B" will mean "A".</p>
<b>ASW</b>	<b>Actively seeking work.</b>
<b>asylum</b>	<p>Protection afforded to a person fleeing persecution.</p> <p>The term is particularly used for people from overseas who seek refugee status in the UK under the relevant UN convention of 1951. The requirements for asylum are that a person has left his country and is unable to return because of a well-founded fear of persecution.</p>
<b>asylum screening unit</b>	Centre run by the Home Office's UK Border Agency to determine whether a person qualifies for <b>asylum</b> .
<b>AT</b>	<b>Country prefix code</b> for Austria.
<b>at</b>	One hundredth of a kip, currency of Laos.
<b>ATA carnet</b>	<p>Admission Temporaire Carnet , a pack of documents that may be used under the <b>temporary admission</b> procedure for goods temporarily taken outside the EU and for which Customs duty is therefore not payable on their return.</p> <p>They are accepted by countries that are party to the Admission Temporaire (ATA) (Temporary Admission) Convention which facilitates the temporary import and export of goods and replaces normal customs documentation</p> <p>In the UK, these carnets are issued by Chambers of Commerce and Industry.</p>
<b>ATACPD</b>	Prefix for HMRC's tax manual on ATA/CPD Carnets.
<b>ATAD</b>	<b>Anti Tax Avoidance Directive.</b>

<b>at and from</b>	Term used in marine insurance to indicate that the vessel is insured in port in addition to when sailing.
<b>at best</b>	Instruction to buy or sell securities at the best price available. This is the usual form of contract for securities. It is also known as <b>at the market</b> . Alternative instructions are <b>at the close; limit order; market order</b> and <b>time order</b> .
<b>ATCA</b>	<b>Advance thin capitalisation agreement.</b>
<b>at call</b>	Description of something which is immediately available, particularly a share or other security.
<b>atebolrwydd</b>	Welsh: liability.
<b>ATED</b>	<b>Annual Tax on Enveloped Dwellings.</b>
<b>ATED period</b>	Period for which a return is due to HMRC for <b>annual tax on enveloped dwellings</b> . The period is one year starting on 1 April.
<b>atelier</b>	Workshop, particularly an artist's studio.
<b>ATF</b>	<b>Authorised Treatment Facility.</b>
<b>Athens Stock Exchange</b>	Stock exchange of Greece. It was established in 1876 and reconstituted in 1988.
<b>at Her Majesty's pleasure</b>	Description of an indefinite prison sentence.
<b>athlete</b>	An athlete may retire on a personal pension at the age of 35, provided: <ul style="list-style-type: none"><li>• the person had the right by 5 April 2006,</li><li>• the right was unqualified in that it needed no other person to consent,</li><li>• the right was set out in the governing documentation of the pension scheme by 10 December 2003.</li></ul> (SI 2005 No 3451, as explained in RPSM 03106035).
<b>athlete tax</b>	Term used in the press from at least 1991 to describe taxes charged on athletes by the host country when competing in international events.
<b>ATI</b>	(1) Aerospace Technology Institute. (2) Individual's total income adjusted for the year. This is used in a formula in Income Tax (Trading and Other Income) Act 2005 274A(4). (3) Adjusted total income, in the formula in Income Tax (Trading and Other Income) Act 2005 s274AA(3).
<b>ATII</b>	Associate of the Chartered Institute of Taxation. The letters originally stood for Associate of the Taxation Institute Incorporated.

<b>ATK</b>	<b>Available tonne kilometres</b> , a measure of aircraft carrying capacity.
<b>Atk</b>	Atkyn's Reports, Chancery law reports of 1736 to 1755.
<b>ATL</b>	(1) Actual total loss, term used in marine insurance. (2) <b>Above the line</b> . (3) Association of Teachers and Lecturers.
<b>Atlantic Charter</b>	Political charter during the second world war. It set out eight principles which should be established after the war.
<b>Atlanticism</b>	Political policy of close co-operation between North America and Western Europe.
<b>at limit</b>	Instruction to trade in securities up to a predetermined limit.
<b>ATM</b>	(1) <b>Automated teller machine</b> , cash machine or "hole in the wall" from which cash may be extracted using a debit card. (2) Association of Teachers of Mathematics.
<b>ATM card</b>	Card which enables cash to be withdrawn from an <b>automated teller machine</b> . Most credit and debit cards are ATM cards.
<b>ATO</b>	Australian Tax Office.
<b>ATOC</b>	Association of Train Operating Companies.
<b>at one fell swoop</b>	In a single action. The word "fell" is a fossil word whose lost meaning is "fierce".
<b>at or better</b>	Instruction to trade in securities at a specific figure or at a better level (eg sell for higher price, buy for lower price).
<b>a tort et a travers</b>	French: at random.
<b>AToS</b>	Age-based terms of service (in armed forces).
<b>Atos</b>	French multinational company founded in 1988. It provides information technology and managed services. Its main relevance for UK tax purposes is the contract it secured with the Department of Work and Pensions to provide capability assessments for employment and support allowance. In 2014, the DWP negotiated an early exit from the contract, following concerns about the quality of its work.
<b>à tout propos</b>	French: on every occasion.
<b>à tout prix</b>	French: at any price.
<b>à toute force</b>	French: by all means; absolutely.

<b>at par</b>	The nominal or face value of a security. A 25p share which is sold for 25p is said to be sold at par.
<b>ATPC</b>	<b>Association of Tin Producing Countries.</b>
<b>at quote</b>	Instruction given by an investor to a broker to obtain a quote for the purchase of a particular share. On being provided with the quote, the investor usually has just 30 seconds to accept, failing which the quote lapses.
<b>ATR</b>	Admission Temporaire Roulette - Temporary Admission on Wheels - certificates used to indicate that goods are entitled to preferential rates of duty in Turkey.
<b>at-risk pay</b>	Part of an employee's pay which is dependent on the employee or group of employees achieving a predetermined objective. At-risk pay is also known as variance pay. Examples include commissions, bonuses, profit-sharing and employee share schemes.
<b>ATS</b>	<b>(1) Automated trading system.</b> <b>(2) Automatic transfer service.</b>
<b>ats</b>	Latin: at the suit of [abbreviation of <b>ad sectam</b> ].
<b>at sight</b>	Immediately, particularly in regards to when a <b>bill of exchange</b> is payable.
<b>atsign</b>	Term made up to indicate the character @ which became a standard part of e-mail addresses by 1995. The character has also been called a monkey's tail and a strudel.
<b>ATT</b>	<b>Association of Taxation Technicians.</b>
<b>attachiamenta bonorum</b>	Distress of a man's property for debt.
<b>attaching goodwill</b>	Term used up to 1973 in relation to valuation of certain supplies that were subject to purchase tax.
<b>attachment</b>	Anything which is provided with something else. In computing, it refers to any document which is sent with an e-mail. In finance, it often means an <b>attachment of earnings</b> .
<b>attachment of debts</b>	Proceeding whereby a person A who has obtained a judgment against B who is owed money by C may get an order requiring that C pays A directly. This is known as a <b>third party debt order</b> , previously known as a <b>garnishee order</b> .
<b>attachment of earnings</b>	<b>Definition</b> Order requiring an employer to make deductions from an employee's pay and pass them to a third party. There are different types of attachment. Attachments only apply in England and Wales and (under different but similar law) in Northern Ireland.

### **Scottish arrestments**

The equivalent system in Scotland is known as **arrestment of earnings**. However the territorial limits apply to the courts which make the order, not to the address of the employee. So an English employer could be required to operate a Scottish arrestment for a Scottish employee, and vice versa.

### **Attachments in England and Wales**

Attachments in England and Wales are issued under:

- Courts Act 2003;
- Attachment of Earnings Act 1971;
- council tax and community charge law;
- child support law.

No new orders are being made under the 1971 Act or for community charge, but orders already made continue in force.

Orders under the 2003 Act, council tax and community charge Acts work by stating a total amount which must be deducted. The amount then deducted from each payslip is determined by tables. There is a level of **protected earnings** up to which no sum may be deducted. These deductions are made until the whole sum has been recovered, or the employee leaves, or the employer receives a notice to stop.

Orders under the 1971 Act and child support law state an amount to be deducted from each payslip. Orders under the 1971 Act are classified as **priority orders** or **non-priority orders**, where the former take precedence over the latter. There are special rules for determining the order if more than one attachment is served.

The employer may make a charge of £1 each time an attachment is made from pay.

<b>attachment order</b>	Court order requiring an <b>attachment of earnings</b> .
<b>attack on another person's character</b>	Term used in Criminal Justice Act 2003 s106 in relation to evidence in criminal proceedings.
<b>attemporator pipes</b>	In brewing, pipes in the vessel in which the wort sugars have been converted to alcohol. Cold water is pumped through the pipes to bring down the temperature.
<b>attendance fee</b>	Money paid to someone merely for attending. The House of Lords pays attendance fees. They are also often paid to non-executive directors and to celebrities to attend events.
<b>at the back door</b>	Description of assistance provided by the Bank of England which allows liquidity to be injected into the markets but without putting pressure on interest rates.
<b>at the close</b>	<b>Market order</b> to be executed as near as possible to the close of business.
<b>at the market</b>	Another expression meaning <b>at best</b> , with regard to buying securities.



<b>at the money</b>	An <b>option</b> with an <b>exercise price</b> equal to or very close to the current price of the underlying instrument. (The words are often hyphenated.)
<b>at the money option</b>	<b>Call option</b> or <b>put option</b> where the exercise price is the same or close to the market price of the underlying security.
<b>at the opening</b>	<b>Market order</b> to be executed when the market opens, or not at all.
<b>at the push-up</b>	Slang for pickpocketing in a large crowd.
<b>at the switch</b>	Slang for the practice of stealing goods and then taking them back to the shop for a refund.
<b>at the wash</b>	Slang for stealing from coats in a cloakroom.
<b>attain</b>	Obtain something which is <i>desired</i> .
<b>attainder</b>	Old legal process whereby civil rights were extinguished for people convicted of a serious offence.
<b>attainment test</b>	Test of a person's knowledge or skills.
<b>attempt</b>	<p>In law, an act done with intention of committing a crime, particularly where the criminal fails in his intent. It is usually a criminal law offence.</p> <p>An attempt can be a criminal offence even if the crime is impossible to commit, such as a pickpocket putting his hand in an empty pocket.</p>
<b>attendance allowance (AA)</b>	<p><b>Social security</b></p> <p>A social security benefit payable for disabled people who are 65 or over. Those under this age may qualify for <b>disability living allowance (DLA)</b>. Unlike DLA, there is no mobility component and there is no lowest rate for the care component.</p> <p>It is payable under Social Security Contributions and Benefits Act 1992 s64.</p> <p>The allowance is not means-tested, is not taxable (Income Tax (Earnings And Pensions) Act 2003 s677), and does not depend on a national insurance record.</p> <p>Payment of AA is not regarded as income in calculating entitlement to <b>tax credits</b>.</p> <p>The level of disability must be the same as for the middle or highest rates of the <b>care component</b> for DLA.</p> <p>For capital gains tax on settled property, attendance allowance "means an allowance under section 64 of the Social Security Contributions and Benefits Act 1992 or section 64 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992" (Taxation of Capital Gains Act 1992 Sch 1 para 1(6)).</p> <p><b>Local government</b></p> <p>(2) Payment to a member of a parish or community council under Local</p>

Government Finance Act 1972 s173.

<b>attendance bonus</b>	<p>Bonus payment to an employee in respect of maintaining a satisfactory attendance record.</p> <p>It is taxed as gross pay, and is subject to income tax and class 1 national insurance.</p>
<b>attendance centre</b>	<p>Non-residential centre for offenders aged between 17 and 21.</p>
<b>attendance centre requirement</b>	<p>Requirement that an offender subject to certain types of court order must attend at an attendance centre for a specified number of hours a week (Criminal Justice Act 2003 s214).</p>
<b>attendance policy</b>	<p>Human resources term for the guidelines and expectations an organisation produces regarding attendance at work of its employees.</p>
<b>attendance record</b>	<p>Official record of an employee's attendance at work. This records all absences with reasons and any investigations. Sometimes the attendance record is used to determine an <b>attendance bonus</b> or for determining which employees should be made redundant.</p>
<b>attendant term</b>	<p>Where a long term is created over a freehold to protect the freeholder's interest for a purpose which has become satisfied.</p>
<b>attended time</b>	<p>Time which a worker actually spends at the workplace.</p>
<b>attention</b>	<p>In regard to <b>disability living allowance</b>, a distinction is made between attention and <b>supervision</b>. Attention means that another person must do something for the disabled person, whereas supervision means simply that a person must be present while the disabled person does the task.</p>
<b>attentional blink</b>	<p>Momentary lapse in awareness after something has stimulated the brain.</p>
<b>attenuate</b>	<p>Term used in the criminal law of some jurisdictions. It refers to details which lessen the penalty for a criminal act.</p>
<b>attenuation charge</b>	<p>Charge which is imposed in addition to <b>spirits duty</b> for each <b>distillation period</b>. The charge is imposed by Alcoholic Liquor Duties Act 1979 s14.</p>
<b>attest</b>	<p>Formally state.</p> <p>An auditor's report is an attestation of the accounts. A <b>will</b> must have an <b>attestation clause</b> signed by the witnesses.</p>
<b>attestation clause</b>	<p>Statement signed by two witness to a <b>will</b>. A will is not valid unless it includes such a clause (Wills Act 1837 s8).</p>
<b>attested copy</b>	<p>Copy of a document which is certified as being a true copy by the person who examined it.</p> <p>Banks and finance companies often ask for attested photocopies of</p>

financial documents, to be signed by an accountant, lawyer or person of similar standing.

**attesting witness**

One of two people required to attest a **will** (Wills Act 1837 s9).

All the witness is attesting to is that the testator signed the will.

Almost anyone now may be a witness. However a gift in a will to an attesting witness is void (ibid s13).

If there is any doubt about the mental capacity of a testator, it is often considered advisable to ask the testator's doctor to be an attesting witness.

**attitude problem**

Person who is naturally truculent or hostile to others. The term dates back to 1977.

**attitude scale**

Where an individual is placed with regard to his attitude to something. Such data are traditionally obtained by questionnaires.

The results seek to establish:

- direction of a person's attitude;
- magnitude of deviation from an average position;
- the tenacity with which the person holds that attitude; and
- the relative importance of the matter to the individual.

In business management, such attitude scales have been used to match people to jobs and work situations.

**attitude survey**

In human resources, a management tool to assess the opinions and morale of staff. The normal form is an anonymous questionnaire asking workers to answer questions on a scale from 1 to 5 (or similar).

**Attlee, Clement**

English Labour politician (1883-1967) who was prime minister from 26 July 1945 to 28 October 1951. He was the leader of the Labour party from 1935 to 1955.

**atto-**

Prefix used in metric units. It means  $10^{-18}$

**attorn**

In law, to transfer to another.

**attorney**

Originally the word simply meant someone appointed by one person to act on his behalf, as is evident in the expression **power of attorney**.

The term came to mean a person admitted to practise in the superior courts of common law.

In Scotland, the term is used to mean the equivalent of **barrister**.

For tax, the word is used in its original sense of meaning an agent.

Where a taxpayer cannot act for his or her own benefit, an attorney may sign the forms under statement of practice A13 of 18 June 1979.

An attorney may claim tax on building society interest for taxpayers unable to act for themselves (Tax Bulletin TB04/96-5 of 22 April 1996).

**Attorney-General (A-G)**

Principal law officer of the Crown and head of **the Bar**. Traditionally the Attorney-General is a Member of Parliament for the ruling party, but not a Cabinet minister. The office dates back to 1315.

The Attorney-General is the person under Crown Proceedings Act 1947

who may bring proceedings for or against the Crown. There are also many offences where a prosecution may only be brought by the Attorney-General or requires his consent.

**attornment**

Old form of holding land by a tenant which was necessary to grant a new **reversion**. This provision was abolished by Law of Property Act 1925.

**attributable**

(1) In relation to stamp duty land tax, "means attributable on a just and reasonable basis" (Finance Act 2011 Sch 22 par 4(6)).  
(2) In relation to oil industry, the term is defined in Corporation Tax Act 2010 s356JL(8).

**attributable profit**

Profit which can be shown as coming from a particular area of the company's activities, such as sales for a particular product or in a particular area.

**attribute**

Qualitative characteristic of an individual, business or service.

The term means something which does not change, like a **variable**. A person's sex is an attribute; their age is a variable.

For the purposes of immigration, attributes are the categories for which an overseas worker may be awarded points to see if he may work in the UK.

**attribute testing**

Statistical method where there are only two answers, such as acceptable or unacceptable. This differs from **variable testing** where there may be many answers.

**attribution theory**

Process of judging a person's behaviour by attributing motives to their actions.

**attrition**

In human resources, description of the reduction of the workplace for natural causes such as death and retirement, rather than because of any issues relating to the workplace or employment practice.

**ATX**

Austrian Traded Index.

**atychiphobia**

Fear of failure.

**atypical work**

In human resources, any pattern of work that does not follow the pattern of full-time permanent employment. It includes part-time work, agency work, secondment, self-employment, homeworking, temporary work and zero-hours contracts.

**AU**

(1) Approved User, a person who has been individually authorised and approved for the purpose of putting **tied oil** to eligible use.  
(2) In coin collecting, the grade of About Uncirculated.

**Au**

Atomic symbol for gold. It is an abbreviation for aurum.

**auberge**

An inn.

**aubergiste**

Inn-keeper.

**au contraire** French: on the contrary.

**AUC** **Ab urbe condita**

**au courant** French: acquainted with.

**auction**

### **General**

A process whereby an asset is sold to the person who offers to pay the highest price.

The process is overseen by an **auctioneer**. Companies which offer this service are known as **auction houses**.

Auctions may be conducted on the **Internet** by such companies as **eBay**.

There are different forms of auction, such as the **Dutch auction**.

Auctions are also used for sale of government stock, as an alternative to **tendering**.

### **Law**

A sale by auction is legally a **contract for sale**. This means that the **highest bidder** must buy the goods and the **seller** must sell them. A refusal of either party to do so is a **breach of contract**. For this reason it is usual for either the seller to provide an adequate **representation** of the item sold, or for potential buyers to be allowed to inspect the items.

The seller may impose a **reserve** which is a minimum price he will accept. If the reserve is not met, no sale is made.

### **Tax obligation**

An **auctioneer** may be required to make a return of transactions to HMRC (Taxes Management Act 1970 s25(7)).

### **Offences**

An auction which is rigged is known as a **mock auction**. This is a criminal offence under Mock Auctions Act 1961.

There are other auction offences, such as **puffers** and **knock-out agreements**.

It is also a criminal offence for a dealer to provide any benefit to stop someone from bidding (Auctions (Bidding Agreements) Act 1927 s1).

**auctioneer**

### **Definition**

Person who conducts an **auction**.

The exact point of sale in an auction is traditionally marked by the auctioneer hitting a block with a **gavel**. The court case *Bristol Car Auctions v Wright [1972]* established that a contract comes into being at that point.

### **Tax reporting**

An auctioneer can be required to provide HMRC with details of any sale above the chattels exemption of £6,000 (Taxes Management Act 1970 s25(7)).

It is HMRC practice only to require such details above £20,000.

**Value added tax**

In general, an auctioneer acts as agent and so charges VAT on their own fees. There was a case where an auctioneer paid the seller himself when the bidder failed to pay, and the auctioneer then sold the goods again. The tribunal held that in this case the auctioneer was selling the goods as principal, and so must account for VAT on the whole proceeds (*Athol Street Auctioneers Ltd [1993] VTD 12478*).

**auctioneers' scheme**

VAT scheme that allows an auctioneer selling goods on behalf of a third party to use a method of accounting for VAT which is similar to a margin scheme. The scheme is optional and conditions apply.

**auction house**

Business which specialises in organising **auctions**.

**auction market preferred shares (AMPS)**

"Preference shares that are entitled to dividends determined in accordance with an auction process in which a panel of investors participates, the shares being transferred at a fixed price to the investor who will accept the lowest dividend" (FRS 4 application notes).

They are accounted for as **non-equity shares**.

**auction ring**

Group of buyers at auction who agree not to compete against each other. This is generally a criminal offence under Auctions (Bidding Agreements) Acts 1927 and 1969. A seller has the right to set aside a sale if the purchaser is in a ring.

**auction system**

Method of marketmakers offering stock for sale at the highest price. It is the alternative method to the much more common **quote system** where prices are determined by quotes on a computer screen.

**AUD**

**ISO code** for Australia dollar.

**audax et cautus**

Latin: bold and cautious.

**AUDDIS**

Direct debit scheme operated by **Bacs**, the banks' money transfer system, for collecting high volumes of low value payments. Customers wishing to use it must be vetted by the bank.

The major difference from other direct debit schemes is that the signed direct debit is retained by the payee and not the bank.

**audemus jura nostra defendere**

Latin: we dare defend our rights. This is the state motto of Alabama, USA.

**audi alteram partem**

Latin: hear the other side.

This is a principle of **natural justice**: that no-one should be condemned without an opportunity to present their case. The words were first quoted by St Augustine.

**audience**

In law, the right to be heard, such as by an advocate in court.  
In marketing, the people you hope to reach.

**audience measurement** Quantitative analysis of audience behaviour to publications and broadcasting. Such surveys have been routinely conducted by publishers since 1957.  
The task is usually undertaken by customer surveys.  
The main question is always a quantitative one of how many people read a particular journal or watch a particular programme.  
Modern questionnaires go further and try to find out what parts of a publication are most appreciated and why those parts are liked.

**audit**

*General*

Investigation into accounts. This is a passive process, as indicated in the original Latin meaning of "he hears".

An audit requires three matters to be clarified first:

- to whom the auditor is answerable;
- the person the auditor is investigating;
- what aspects the auditor is required to investigate.

For example, in the statutory audit of UK companies, the auditors are answerable to the shareholders for their investigation into the directors to ensure that the accounts are **true and fair** and comply with the Companies Act. They are not required to say whether the accounts are correct, whether any fraud has been committed or if any other laws have been obeyed (except to the extent that this may mean the accounts are not "true and fair").

*Local authorities*

The statutory audit of local authorities is quite different. The district auditor is answerable to the Audit Commission and thus to the government. The audit looks at matters such as **value for money**, and achieving objectives set by the government and by the authority itself.

*Limited purpose*

An audit may be for a specific purpose, particularly **forensic audit**. Examples include when an audit is conducted to test a new system or to quantify a loss after a fire.

*Auditing standards*

The nature of audit is governed by auditing standards produced by the Financial Reporting Council.

The overall objectives of audit are set out in International Standard on Auditing ISA 200. Agreeing the terms of the audit engagement are set out in ISA 210.

**audita querela**

Latin: the suit having been heard.

**Audit Bureau of Circulation**

Organisation founded in 1931. Funded by publishers, advertisers and advertising agencies to verify publishers' circulation claims.

**Audit Commission**

Statutory body set up under Audit Commission Act 1998 to audit local authorities, other public bodies and government departments.

The US equivalent is the **General Accounting Office**. It has been

announced that the Commission is to be abolished in 2012.

**audit documentation**

Working papers and similar material produced in the course of an audit. Provisions are set out in International Standard on Auditing ISA 230.

**audited accounts**

Accounts which have been examined by the auditor.

An organisation should not normally **adopt** accounts until they have had whatever audit is required, if any. The audit does not confirm the accuracy of the accounts, as the audit report may identify matters of concern, the audit report may itself be flawed, the audit may be limited in scope (most audits do not look for fraud, for example) or a serious matter may have been concealed from the auditors.

**audit engagement**

Engaging the services of an auditor for a state purpose.

The provisions for agreeing the terms of an engagement are set out in International Standard on Auditing ISA 210.

**audit evidence**

“Information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other information.”

(International Standard on Auditing ISA 500 para 5(c)).

ISA 500 deals with audit evidence generally. ISA 501 deals with specific considerations for selected items.

**audit exemption**

Right of a small company not to have its accounts audited.

**audit fee**

Amount payable by an organisation for having its accounts audited.

If the auditors are paid for any work, such as preparing a tax return, the fee for such work should be separately disclosed.

**auditing**

The work of conducting an **audit**, or the practice of knowing how to audit.

**Auditing Practices Board (APB)**

Body which issues UK auditing standards. It was established in 1991 by the main accounting bodies.

**Audit Inspection Unit (AIU)**

Part of the **Financial Reporting Council** that monitors the published accounts of listed companies.

**audition fee**

Fee charged by some bodies for allowing a person to audition for a role, particularly in the performing arts. The fee is usually refunded if the person is successful, or sometimes if not successful but credible. The aim is to deter time wasters with no talent.

An audition fee is regarded as part of the body’s income for all tax purposes.

**audit liability limitation agreement (ALLA)**

Arrangement between a company and its auditors that restricts the latter’s liability under a negligence claim.



An ALLA became legal from 6 April 2008 under Companies Act 2006 ss532-538. The agreement is effective only to the extent that is "fair and reasonable".

Guidance on ALLAs has been produced by the Financial Reporting Council.

**audit manager**

An employee of an accountancy firm, usually holding an accountancy qualification, given a significant level of responsibility in carrying out an audit assignment and responsible to the partner in charge of the audit.

**Audit Office**

Office of the department of the **Comptroller and Auditor General** which is responsible for auditing government departments.

**audit of expenditure or the investigation of complaints**

Term used in relation to disclosure of information relating to social security fraud. A list of persons engaged in such audit is given in Social Security Administration Act 1992 s123(8).

**audit of individual or group accounts**

Term used in Charities Act 2011 s154(3) in relation to charity audits.

**audit opinion**

Statement by the auditor about accounts in the **audit report**.

It should be appreciated that most financial statements are statements of *opinion* by the accountant, particularly with regards to such matters as asset valuation. The audit report therefore gives an opinion on an opinion.

**auditor**

**Definition**

Accountant who reviews the accounts.

For all types of audit, three factors must be determined:

- who engages the auditor;
- the person whom the auditor investigates; and
- what the auditor is required to investigate.

For limited companies, the auditor is engaged by the shareholder to investigate the directors to see if the accounts are **true fair** and comply with Companies Act 2006 (or previous legislation).

**Restriction for information notices**

Auditors are protected from providing information in connection with the audit. This generally means that HMRC and Revenue Scotland cannot require such information in an **information notice**.

For HMRC, the protection is provided by Finance Act 2008 Sch 36 para 24. For Revenue Scotland, protection is provided by Revenue Scotland and Tax Powers Act 2014 s139.

**Auditor Camerae**

Auditor of the Papal Treasury.

**auditor of court**

In Scots law, "a person responsible for examining legal accounts. The Auditors of the Court of Session and sheriff courts, respectively, examine and 'tax' accounts of expenses incurred by parties in civil actions in the respective courts" (Judiciary of Scotland website glossary).

<b>auditor scepticism</b>	Term which gained currency in 2018 for the dispassionate approach an auditor is expected to take. In July 2018, the Institute of Chartered Accountants in England and Wales said that auditor scepticism was about quality of questioning, not the number of questions asked”.
<b>Auditors' Code</b>	<p>Statement issued by Auditing Practices Board (APB) as Appendix 2 to its statement on Scope and Authority of Pronouncements.</p> <p>The Code “provides a framework of fundamental principles which encapsulate the concepts that govern the conduct of audits and underlie the APB's ethical and auditing standards” (para 11).</p> <p>The Code requires the auditor to show accountability, integrity, objectivity and independence, competence, rigour, judgment, clear complete and effective communication, association and providing value.</p>
<b>auditors' liability</b>	Liability of an auditor for negligence. This liability may be limited by a <b>liability limitation agreement</b> . Otherwise an attempt by an auditor to limit liability is void under Companies Act 2006 532.
<b>auditor's opinion</b>	Another name for the <b>audit report</b> .
<b>auditor's remuneration</b>	Payment to an auditor for his audit work. For a limited company, this is fixed by the members by an ordinary resolution at an annual meeting (Companies Act 2006 s492(1)).
<b>auditor's report</b>	Another name for the <b>audit report</b> .
<b>audit papers</b>	<p><b>Working papers</b> prepared by an auditor.</p> <p>The extent to which HMRC believes it may demand sight of these papers is set out in SP 5/90 of 11 April 1990.</p>
<b>audit programme</b>	The schedule of work an <b>auditor</b> undertakes as part of an <b>audit</b> .
<b>audit report</b>	<p>Statement issued by an <b>auditor</b> about the accounts.</p> <p>Such a report is either a <b>qualified report</b> or an <b>unqualified report</b>. The former indicates that there are serious matters on which the auditor has concerns. An unqualified report indicates that there are no serious areas of concern.</p> <p>In extreme cases, an auditor may refuse to give an opinion at all.</p>
<b>audit requirements</b>	In international taxation, the standard of audit demanded by the tax authorities.
<b>audit risk</b>	<p>The possibility that the auditor may give an inappropriate report about accounts.</p> <p>Although the term can apply to giving an undeserved <b>qualified report</b>, in practice the term is usually used for the converse situation of an auditor giving an unqualified report to accounts which should have been qualified.</p>

<b>audit sampling</b>	<p>“The application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the whole population.” (International Standard on Auditing ISA 530 para 5(a)).</p>
<b>Audit Scotland</b>	<p>“Audit Scotland provides the Auditor General and the Accounts Commission with the services they need. We give independent assurance to the people of Scotland that public money is spent properly, efficiently and effectively” (website). As at August 2018, it audited 224 public bodies. From 1 August 2018, it is added to the list of bodies to whom a whistleblower may report misconduct (SI 2018 No 795).</p>
<b>audit signature</b>	<p>Signature of the auditor in respect of a set of accounts. Under Companies Act 2006 s503, the auditor’s report must:</p> <ul style="list-style-type: none"><li>• state the name of the auditor, and</li><li>• be signed and dated by the auditor.</li></ul> <p>If the auditor is an individual, the signature must be his or hers. If the auditor is a firm, it must be signed by the <b>senior statutory auditor</b>.</p>
<b>audit trail</b>	<p>Requirement that transactions can be followed from their inception to completion, and that transactions can be traced from source documents or <b>vouchers</b> to the final accounts, or vice versa. An audit trail usually requires every transaction to have a <b>folio</b> reference which allows, for example, an invoice to be traced to a day book. The daybook will then have a reference to the <b>nominal ledger</b>, which in turn will be referenced to the <b>trial balance</b> and the final accounts.</p>
<b>auf Bestellung</b>	German: on order
<b>aufgabe</b>	In psychology, a task set as an experiment. The term is German.
<b>augend</b>	<p>A number to which another number (the <b>addend</b>) is added in <b>addition</b> to give a <b>total</b>.</p> <p>In the sum <math>3 + 4 = 7</math>, 3 is the augend, 4 is the addend, and 7 is the total.</p>
<b>augment</b>	Increase in size or scope.
<b>augmented profits</b>	<p>Basically, taxable profits plus <b>franked investment income</b> (Corporation Tax Act 2010 s32). A separate definition for oil companies is given in Corporation Tax Act 2010 s279G.</p>
<b>August</b>	Eighth month of the calendar year and fifth month of the financial year. It has 31 days.
<b>aularian</b>	Pertaining to a hall.

<b>aulnager</b>	Officer first appointed in the reign of Edward III to measure woollen cloth offered for sale to determine the tax payable.
<b>aunt</b>	Parent's sister or uncle's wife. Such a person is sometimes included among relations where there are tax consequences.
<b>au pair</b>	<p>Person, usually a young woman, who performs domestic duties in return for accommodation and a small payment.</p> <p>The immigration category for au pairs was closed in November 2008, so most au pairs now come from the European Union under the freedom of movement provisions.</p> <p>British Au Pair Agencies Association (BAPAA) and International Au Pair Association (IAPA) have been formed to protect those wishing to participate.</p>
<b>au pied de la lettre</b>	French: according to the strict letter of the text.
<b>au poids de l'or</b>	French: at its weight in gold; very precious.
<b>aurar</b>	One hundredth of a króna, currency of Iceland.
<b>aurum</b>	Latin: gold.
<b>Aussensteuergesetz</b>	German additional tax on high levels of dividends.
<b>AUST</b>	<b>Apprentice upper secondary threshold.</b>
<b>austerity fatigue</b>	<p>When people, individually or collectively, tire of austerity measures.</p> <p>The term was particularly used for Greece in 2011 when tough measures led to civil unrest.</p>
<b>australe</b>	One hundredth of a peso, currency in Argentina.
<b>Australia</b>	Southern country. Currency is <b>Australian dollar</b> . UK has a double taxation convention of 2003.
<b>Australian Council of Trade Unions (ACTU)</b>	Central labour organisation in Australia formed in 1927 and consolidated with the Australian Workers' Union in 1967.
<b>Australian dollar</b>	Currency of Australia.
<b>Australian Loan Council</b>	Body established in 1927 to determine the Australian government's borrowing.
<b>Australian Prudential Regulation Authority (APRA)</b>	Australian federal body responsible for ensuring that financial institutions are able to meet their commitments.

**Australian Resources Development Bank**

Bank which opened in 1968 to assist Australian enterprises in developing natural resources.

**Australian Stock Exchange (ASX)**

Stock exchange of Australia based in Sydney. In 1987 it succeeded the exchanges of Adelaide, Brisbane, Hobart, Melbourne and Perth. It abolished fixed-rate commissions in 1984 and adopted automated trading in 1990.

**Austria**

European country. Member of the European Union. For VAT and Customs purposes, its territory include Jungholtz and Mittelberg.

Its currency is the **euro**.

It uses the terms Mehrwertsteuer (Mwst) and Umsatsteuer (Umst) to mean VAT.

The UK has a double tax convention agreed in 1969, amended by two protocols of double taxation and prevention of fiscal evasion of 1977 and 1993, and a further protocol of 2009.

**Austrian Reconciliation Fund**

Fund which makes payments to those forced to work as slaves or forced labourers during the second world war. On 16 December 2015, it was announced that payments under this scheme are exempt from inheritance tax.

**Austrian Schilling trick**

Practice of using two Austrian schillings glued together as a pound coin to operate pay machines. The two coins were worth less than 10p. Machines have subsequently been reprogrammed to detect them.

**Austrian school**

In economics, a school of thought based on **methodological individualism**, namely that social phenomena result from the motivations and actions of individuals.

**AUT**

**(1) Authorised unit trust.**  
**(2) Apparent unnotified termination.**

**autarchy**

In politics, absolute power.

**autarky**

Ideal of self-sufficiency, particularly for a country. It is considered an idealist but impractical economic policy.

**authentication**

Process by which the veracity of a document is confirmed. The provisions under company law are given in Companies Act 2006 s1146.

**author**

An artist, sculptor, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005 s221).

For VAT, royalties to authors may be paid by the publisher using self-billing.

**authorisation by declaration**

Term used in relation to Customs duties from 1 May 2016. It refers to the authorisations for inward processing, end use, temporary admission and

outward processing reliefs. Such authorisation may be used up to three times a year. Further guidance is provided in Customs Information paper 44 issued by HMRC on 2 November 2015.

- authorisation of development** In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 from s356IB.
- authorisation order** In company law, a person authorised by the Secretary of State under Companies Act 2006 s457(1) to make an application to the court for **defective accounts** to be replaced by **revised accounts**.
- authorised** Permitted by obtaining the agreement of the appropriate body.
- authorised auditor** Individual who is allowed to audit a company even though he does not have the relevant accounting qualification.  
Such authorisations were given by the Board of Trade under Companies Act 1976, based on their experience. This was largely a transitional measure for unqualified auditors who still audited under appointments made before the Companies Act 1948 introduced a qualification requirement. The power to grant such authorisation ended in April 1978.  
The term is now generally used for a person who may audit an *unlimited* company but not a limited company.
- authorised capital** The maximum amount of share capital which may be issued by a company. This must be stated in its **memorandum of association**.  
The actual amount of **issued capital** is often much less. Many small companies are formed with authorised capital of £100, and issued capital of £2 (as two shares for £1).
- authorised contractual scheme (ACS)** Scheme for reorganising a collective investment. A full definition appears in Financial Services and Markets Act 2000 s237(3).  
Such a scheme may be exempt from stamp duty reserve tax under the provisions of Finance Act 1999 Sch 13 para 25A as inserted by SI 2013 No 1401.
- authorised deduction** An amount that may be deducted from an employee's earnings to determine whether it is **lower-paid employment** (Income Tax (Earnings And Pensions) Act 2003 s218(4)). This distinction generally became otiose from 6 April 2016.
- authorised disclosure** Disclosure relating to proceeds of crime that is properly made to a police officer, tax official or similar person under Proceeds of Crime Act 2002 s338.
- authorised economic operator (AEO)** Customs scheme whereby an **economic operator** who meets certain standards may benefit from faster clearance times and preferential treatment at EU frontiers when importing and exporting goods.  
For import duty, the law is Taxation (Cross-border Trade) Act 2018 s22.

- authorised employer loan** In relation to **authorised employer payments**, this term is defined in Finance Act 2006 s179.
- authorised employer payment** Payment made to an employer who sponsors an approved occupational pension scheme. Such payments are permitted in various circumstances as set out in regulations. These include government payments to public service schemes, payments of pension surpluses, compensation payments and similar. The tax provisions can be found in Finance Act 2004 from s179.
- authorised financial adviser** Investment and financial adviser who is authorised under Financial Services Act 1986 or similar legislation.
- authorised insurance company**  
For company law, “means a person (whether incorporated or not) who has permission under Part 4 of the Financial Services and Markets Act 2000 (c.8) to effect or carry out contracts of insurance” (Companies Act 2006 s1165(2)).
- authorised investments** Those investments which may be made. For trusts, this is regulated by law. From 1 February 2001, this is Trustee Act 2000. Previously, it was Trustee Investments Act 1961.
- authorised investment funds (AIFs)**  
Financial products including approved unit trusts, OEICs and others that come within the scope of Authorised Investment Funds (Tax) Regulations SI 2006 No 964 and Income and Corporation Taxes Act 1988 s468.  
They are regulated by the Financial Services Authority under Financial Services and Markets Act 2000.  
An AIF can take one of two different legal forms: authorised unit trust or open-ended investment company (OEIC).  
Either legal form can fall into one of three categories:
- UCITS funds
  - non-UCITS funds
  - qualified investor schemes (QISs).
- authorised investment fund assets**  
In relation to chargeable gains of insurance companies, “means assets of the company’s long-term insurance fund consisting of rights under an authorised unit trust or shares in an open-ended investment company” (Taxation of Capital Gains Act 1992 s210C(2)).
- authorised investments** Restricted range of investments available to certain bodies, such as local authorities, trusts and charities.
- authorised limit** The maximum amount of a financial institution’s debt at any one time during the year, under the Prudential borrowing regime that was introduced from April 2004
- authorised member payment** Payment which a registered pension scheme may make to a member.  
The commonest payments are pensions, lump sum payments, refunds of contributions and transfer to another pension scheme. The law is set out in

Finance Act 2004 ss164-169.

<b>authorised minimum</b>	Minimum amount of allotted share capital required for a <b>public company</b> . The minimum is £50,000 or its euro equivalent (Companies Act 2006 s763(1)).
<b>authorised official</b>	An individual in an organisation which an outside body has accepted as being allowed to perform specified transfers. A <b>signatory</b> on a <b>bank mandate</b> is such an example. HMRC require a charity to have an authorised official to operate <b>Gift Aid</b> .
<b>authorised open-ended investment company</b>	Body so authorised under Financial Services and Markets Act 2000 s262. It is more commonly known as an <b>OEIC</b> .
<b>authorised operator</b>	Trader authorised by HMRC to operate one or more simplified export procedures such as <b>Simplified Declaration Procedure, Local Clearance Procedure</b> or a <b>Designated Export Place</b> . The term also includes an exporter or third party allowed to make full export declarations to the Customs Handling of Import and Export Freight (CHIEF) system.
<b>authorised overdraft</b>	Overdraft which the bank has agreed in advance.
<b>authorised person</b>	For the purpose of HMRC information powers, "means a person who is, or is a member of a class of persons who are, authorised by the Commissioners [of HMRC] to exercise the powers under subsection (3)" (Finance Act 2008 s114(9)).
<b>authorised push payment (APP)</b>	A fraud when a person is deceived into sending a payment to an account operated by the fraudster, usually using the Faster Payment Service or a similar irreversible form of online payment. Examples include sending an invoice that appears to be from the child's school or from someone who has done work on the house. A fraudster can find out where the children go to school, or simply notice a board or van when work is being done on a house.
<b>authorised retail sale</b>	In relation to wholesaling of controlled liquor, means a retail sale made in accordance with a licence (Alcoholic Liquor Duties Act 1979 s88A(5)).
<b>authorised share capital</b>	Amount of share capital a limited company may issued under the terms of its memorandum of incorporation.
<b>authorised signatory</b>	Person who may sign a document on behalf of a body. For a company, this is a director or company secretary (Companies Act 2006 s44(3)).
<b>authorised signer</b>	US term for <b>authorised signatory</b> .



<b>authorised stock</b>	In the USA, the total number of shares a corporation may issue under its articles of incorporation.
<b>authorised surplus payment</b>	In relation to pension funds, "a payment is an authorised surplus payment if it is of a description provided by regulations made by the Board of Inland Revenue" (Finance Act 2004 s177). The regulations are SI 2006 No 574.
<b>authorised surplus payments charge</b>	<p>"A charge to income tax, to be known as the authorised surplus payments charge, arises where an authorised surplus is made to a sponsoring employer by an occupational pension scheme that is a registered pension scheme" (Finance Act 2004 s207(1)).</p> <p>The rate of tax is 35% (Finance Act s207(4)).</p>
<b>authorised treatment facility (ATF)</b>	Scrap dealer that has a permit from the Environment Agency and registered with the DVLA. This includes all scrapyards, car dismantlers, junk yards, salvage yards, car breakers and similar. An ATF must have premises and equipment that ensures the work is done without environmental damage, such as having a sealed drainage system to prevent chemicals leaking into the ground. The ATF issues a <b>Certificate of Destruction</b> .
<b>authorised unit trust</b>	Unit trust which must be operated in accordance with UK law and EU directives.
<b>authorised user</b>	In relation to hydrocarbon oil duty, a person authorised by HM Customs and Excise to receive methylated spirits for use in an approved process, or to supply to authorised users in quantities of less than 20 litres at any one time.
<b>authorising officer</b>	Person employed by a sponsor of overseas workers who is responsible for matters relating to the sponsorship.
<b>authoritarianism</b>	Description of a political system which exercises strict control over its citizens with little consideration to their rights or public opinion.
<b>authority</b>	<p>(1) Position of power, particularly one which is delegated under a legal power. Authority is not power in itself, but is one source of power.</p> <p>(2) Source of law as quoted in a case.</p> <p>(3) In financial markets, a concept of technical analysis that a trend in a share price is more significant when the volume of traded shares is high.</p>
<b>authority exercising or having compulsory powers</b>	In relation to capital gains tax on disposals of land to such an authority, the term is defined in Taxation of Capital Gains Act 1992 s243.
<b>authority for market purchase</b>	Resolution passed at a general meeting of a company authorising the purchase of its own shares (Companies Act 2006 s701).
<b>authority to negotiate</b>	Description of bank documents which allow a UK bank acting for a supplier to negotiate the terms of a letter of credit. It is an alternative procedure to the

documentary letters of credit, which offers little in the way of guarantee to the supplier.

**authority to purchase** Description of bank documents which allow a UK bank acting for a supplier to buy bills of exchange as a means of negotiating the terms of a letter of credit. Such a method offers little security to the supplier.

**AUTIF** **Association of Unit Trusts and Investment Funds**, which is the industry trade body of unit trusts and investment trusts management companies.

**autoboot** Process by which a computer starts a program or other function without any input from the operator.

**Autoclenz** Leading decision of the Supreme Court on whether someone is employer or self-employed. The citation is *Autoclenz Ltd v Belcher*. [2011] UKSC 41. The case concerned people who washed cars.

One of the significant factors in the case was that **relative bargaining power** between the employer and workers should be considered.

**autocoding** Procedure whereby a tax code is automatically adjusted, such as on submission of a self-assessment tax return, known as **self-assessment autocoding**.

**autocorrelation** In mathematics, when a series of numbers is influenced by past values of itself. An example is when budget figures increase by a percentage from year to year.

**auto-enrolment (AE)** Automatic enrolment into a workplace pension scheme unless a person decided *not* to be enrolled. The term is used in relation to **NESTs**. Its proper name is **automatic enrolment**.

**autograph** (1) Description of document in a person's handwriting.  
(2) Slang term for a piece of paper someone is induced to sign on false pretences.

**autogratiuity** Gratuity for staff that is automatically charged to customers. The practice has become common among companies offering cruises on luxury liners.

**autologous use** For human transplants, "means **cells** or **tissues** removed from and applied in the same person" (Directive 2003/23/EC article 3).

**Automated Clearing House (ACH)** US federal organisation to settle transactions carried out by computer, such as mortgage payments and transfers between businesses.

**automated or structured processing of personal data**  
"Means —  
(a) the processing of personal data wholly or partly by automated means, and  
(b) the processing otherwise than by automated means of personal data

which forms part of a filing system or is intended to form part of a filing system" (Data Protection Act 2018 s21(4)).

**automated pit trading**

Any computerised system that aims to copy the open outcry method of trading.

**automated screen trading (AST)**

System of trading in shares where much of the work is done automatically. This can include the automatic buying or selling of securities when their prices reach a predetermined figure.

**automated teller machine (ATM)**

Machine provided at banks and in retail units which allow a person to draw funds from a bank account or against a credit facility. There are sometimes steep charges for this service.

The customer typically puts in a **cash card, credit card, debit card** or similar into the machine and types in a four-digit **PIN number**. The customer states the amount required.

The machines are also known as **cash dispensers, cash machines** and **hole in the wall**.

**automated trading system (ATS)**

(1) Computer system for matching buyers and sellers of securities.

(2) In banking, a depositor's savings account from which funds may be automatically transferred to cover cheques while maintaining any minimum balance.

**automated vehicle**

A vehicle that is capable of safely driving itself. The secretary of state must keep a record of all such vehicles (Automated and Electric Vehicles Act 2018 s1(1)).

**automatically unfair dismissal**

Dismissal for a reason which the law considers is automatically unfair. These are:

- belonging or not belonging to a trade union;
- claiming the national minimum wage;
- childbirth and pregnancy;
- asserting a statutory right;
- whistle-blowing;
- seeking to be represented in a disciplinary procedure;
- acting as safety representative or employee representative of a pension fund.

There is no qualifying period for such dismissals, unlike other unfair dismissals for which there is usually a qualifying period of one year.

**automatic debit transfer**

Giro payment.

**automatic deportation**

Penalty imposed by UK Borders Act 2007 s32 for a non-British citizen who is found guilty of an offence in the UK.

<b>automatic directions</b>	Directions of a court that take effect automatically at the end of an action for personal injury.
<b>automatic enrolment</b>	Provisions in Pensions Act 2008 ss2 to 9 requiring employers to enrol employees in the <b>NEST</b> pension scheme. Enrolment is phased in between 1 October 2012 and 1 September 2016, starting with the larger employers. Details of the phasing are given in SI 2010 No 4.
<b>Automatic Licence Verification System (ALVS)</b>	System that provides an interface between government departments in relation to the importation of vehicles. ALVS generally avoids the need for Customs to check imported vehicles.
<b>automatic overseas tests</b>	<p>Series of tests in <b>statutory residence test</b> to determine whether a taxpayer is non-resident for a tax year.</p> <p>There are three of these tests. They are considered after the <b>automatic UK tests</b>. If a taxpayer meets any one of these tests, he or she is non-resident, and there is no need to consider any further tests.</p>
<b>automatic penalty</b>	Additional sum imposed without consideration of factors, such as being late with a tax return.
<b>automatic re-enrolment</b>	Term used in Pensions Act 2011 s4 in relation to a scheme membership that has been interrupted.
<b>automatic stabiliser</b>	Elements of the tax and spending system which tend to cancel each other out and thus dampen the economic cycle. In an upturn, tax revenues rise and benefit claims fall, for example.
<b>automatic tagging</b>	Facility offered by some tax software that automatically puts iXBRL tags into corporation tax, as required from 1 April 2011.
<b>automatic trade</b>	Term used on London Stock Exchange for a trade in securities that has been generated by a computer program.
<b>automatic transfer</b>	Any provision in law which requires legal proceedings to be transferred to another court or tribunal.
<b>automatic transmission</b>	<p>Part of a vehicle where the gear changes according to the vehicle's speed and not according to the driver's use of a gear lever,(known as <b>manual transmission</b>).</p> <p>A driver who passes a test in a car with automatic transmission may not drive a car with manual transmission.</p>
<b>automatic UK test</b>	Series of three tests designed to determine whether a taxpayer is UK-resident for tax purposes under the <b>statutory residence test</b> .
<b>automatic vending</b>	Retail method where products are sold by inserting coins, tokens or cards into a machine. This has obvious advantages in making sales service available outside normal hours and saving in staff time.

Those who provide such machines must have procedures to:

- restock machines and collect cash;
- protect machine from vandalism;
- protect stock and any cash from theft;
- allow dissatisfied customers to complain, such as when the machine takes the money but fails to provide the goods.

**automatic write-offs and waivers**

Part of the **SAFE** computer system used by HMRC. It automatically writes off small amounts of tax owed (Inspectors' Manual at DMBM12010).

**automation**

Process of using machines to replace functions done by a person.

This process can have a huge impact in **management accounting**. The machines, sometimes called **robots**, typically are very expensive to buy and set-up but then have a very low **marginal cost**. A component made by a person on an ordinary lathe may cost £2 an item. An autolathe may cost £200,000 but then allow the component to be produced for 10p an item.

**automatism**

Personal state where a person has no control over his or her actions, such as certain hand movements during an epileptic attack. In some situations, automatism can be a defence to a criminal charge.

**automorphism**

- (1) Assigning one's own characteristics to someone else.
- (2) In algebra, isomorphism of an algebraic system with itself.

**autonomous import preference**

System of **import preference** provided by the EU under its Generalised System of Preferences scheme.

**autonomous workgroup (AWG)**

In human resources, form of work organisation where a group of workers is given a task and works out for itself how best to organise that work. This can lead to higher levels of motivation.

**autonomy at work**

In human resources, the extent to which workers are allowed to use their own initiative in planning their work.

**auto number generation**

Any part of a system that automatically generates an identifying number when a new record is added. It is widely used in employment for generating employee numbers.

**autopsy**

Medical examination of a body to find evidence relating to the manner of death.

**autoregression**

Series of observations where the value of each one partly depends on the values of those which precede it.

**autoregression analysis**

Ordinary **regression analysis** used to identify **autocorrelation**.

<b>autosuggestion</b>	Where a person responds to a suggestion of his own invention.
<b>autre droit</b>	French: other right. Property is held in autre droit when held for the benefit of another person, such as by a trustee or executor.
<b>autrefois acquit</b>	Defence in criminal trial that a person has already been tried for the offence and has been acquitted. It protects a person from the <b>double jeopardy</b> risk of being repeatedly prosecuted for one offence. There are some exceptions permitted under law. In particular Criminal Justice Act 2003 (commenced in 2005) allows a second trial of a serious offence if there is new and compelling evidence. The first person to be convicted under this provision was William Dunlop for murder on 11 September 2006, having been acquitted at a trial in 1989.
<b>autrefois convict</b>	Defence in criminal trial that a person has already been convicted of the offence of which he or she is now accused.
<b>autre vie</b>	Latin: the life of another.
<b>aux bon soins de</b>	French: in care of.
<b>auxiliary</b>	Helper, particularly a person who assists a specialist (such as a nurse) even though he or she lacks the qualifications or experience of the specialist.
<b>auxiliary activity</b>	In international taxation, an activity that is ignored in terms of determining whether a business has a permanent establishment in a particular country.
<b>auxiliary company</b>	In international taxation, a company within a group that provides auxiliary services to the main company. The profits of auxiliary companies can be difficult to determine in practice because of <b>transfer pricing</b> issues.
<b>auxiliary jurisdiction</b>	The power of the Court of Chancery to help a claimant. It was rendered obsolete by Judicature Acts 1873-75.
<b>auxiliary mint</b>	Mint operated outside London but under its control to meet a particularly large demand for coins.
<b>auxiliary tank</b>	Tank on a vehicle which stores fuel to drive machinery and which cannot be used to propel the vehicle. <b>Unmarked oil</b> (on which duty has not been paid) may be used in such tanks.
<b>AV</b>	Accounting value, used in the formula in Corporation Tax Act 2009 s723(3).
<b>AVA</b>	Accounting value immediately before the realisation, in the formula in Corporation Tax Act 2009 s737(2).
<b>avail</b>	To be of service or value to someone.

<b>availability</b>	The ease with which an item may be obtained.
<b>available amount</b>	Amount in a taxpayer's bank account that HMRC may seize without needing permission from any court. The figure is defined and determined in accordance with Finance (No 2) Act 2015 Sch 8 para 7(3).
<b>available balance</b>	Amount that a person may spend from a bank account. It comprises unallocated funds in the balance on the account plus the agreed overdraft.
<b>available capital</b>	Amount of capital which a business may use.
<b>available carried-forward loss allowance</b>	Term used in relation to bank levy, and explained in Corporation Tax Act 2010 s269CJ(2) as inserted by Finance Act 2015 Sch 2.
<b>available earnings</b>	Another term for <b>earnings per share</b> .
<b>available exempt amount</b>	Amount that may need to be calculated to determine entitlement to tax relief for a <b>trivial benefit</b> to an employee. The provisions are set out in Income Tax (Earnings and Pensions) Act 2003 s323B as inserted by Finance Act 2016 s13.
<b>available for public access</b>	In relation to the remittance basis, this term applies to gifts to the nation, and is defined for that purpose in Income Tax Act 2007 s809Z(4).
<b>available for reception by members of the public</b>	Term defined in Communications Act 2003 s361 in relation to regulatory provisions under that Act.
<b>available for sale (AFS)</b>	Description applied to debt instruments under International Accounting Standard IAS 39. Under that standard, debt instruments are measured at fair value with their gains and losses recorded in the other comprehensive income statement. The move from this requirement to those under FRS 102 section 12 represented a significant change in accounting practice.
<b>available for work</b>	In relation to the <b>work availability requirement</b> for <b>universal credit</b> , "means able and willing immediately to take up paid work (or more paid work or better-paid work)" (Welfare Reform Act 2012 s18(2)).
<b>available income</b>	Amount of a person's income which may be applied to a specific purpose, particularly clearing old debts or personal spending.
<b>available periods</b>	For VAT, an accounting period for which HMRC can accept a VAT Return from a VAT-registered trader. An accounting period generally becomes available shortly before its closing date, although returns should not be completed until the period has ended. A period ceases to be available when a return is received.
<b>available profits</b>	In relation to the taxation of an <b>insurance company</b> , the term is defined in Corporation Tax Act 2009 s390.

**available qualifying expenditure (AQE)**

Amount of written down value on which a writing down allowance may be claimed. Provisions are given in Capital Allowances Act 2001 s57.

**available surcharge allowance** In relation to corporation tax surcharge on banks, this term is defined in Corporation Tax Act 2010 s269DE(3).

**available to all staff** Term used in relation to many benefits provided by an employer as a condition of their being tax-free. Examples include the provision of canteen facilities and childcare vouchers.

The requirement is that the benefit is offered to all staff eligible to accept it on broadly similar terms.

**available tonne kilometre (ATK)**

Measure of an airline's capacity for carrying passengers or cargo.

The figure is calculated per aircraft, and then totalled to give a figure per airline. The calculation is:

ATK = capacity in tonnes x kilometres flown.

**available total profits** Amount of profit which may be used in **group relief**. The term is explained in Corporation Tax Act 2010 s140.

**aval** Pertaining to a grandparent.

**à valonte** French: at pleasure.

**avant-propos** Preliminary matter.

**avarice** Greedy desire for wealth.

**AVB** Accounting value immediately after the realisation, in the formula in Corporation Tax Act 2009 s737(2).

**AVC** **Additional voluntary contribution**, to an occupational pension scheme.

**avenue** Line of enquiry or an approach. The word literally means a tree-lined road.

**aver** In law, to allege in pleadings.  
In Scots law, "to state or allege" (Judiciary of Scotland website glossary).

**average**

**Mathematics**

One number which represents a series of numbers.

The word "average" on its own usually means the **arithmetic mean**, calculated by adding up the numbers and dividing the total by the number of numbers. So the average of the number 6, 7, 9 and 10 is calculated by adding them to give 32, dividing by 4 as there are

Other types of average are:

- **geometric mean**: multiplying the numbers and taking the **root** equal to the number of numbers;
- **meridian**: number which occurs halfway down the list when the



numbers are ranked in order; and

- **mode:** number which occurs most often.

The term has acquired some more specific meanings in some branches of finance.

### *Insurance*

In insurance, **averaging** refers to where assets have been under-insured. For example, a trader with two shops worth £500,000 each may consider that it is highly unlikely that both will burn down, and so insure them for a total of £500,000. In such a case, the company will usually have an averaging clause in its policy which says that the two premises have only been insured for half the value and so it will only meet half the claim.

Averaging is also used more generally in insurance and elsewhere to mean any system which seeks to apportion loss on an equitable basis. In marine insurance, average can refer to when the insurer and owner share the cost of losing a ship under the provisions of Marine Insurance Act 1906.

<b>average adjuster</b>	A person who calculates how much of a <b>maritime insurance</b> claim should be paid by the insurer.
<b>average adjustment</b>	Amount of a <b>maritime insurance</b> claim for loss of a ship which the insurer must pay.
<b>average agent</b>	Lloyd's Agent who has authority to negotiate marine insurance claims.
<b>average annual return</b>	Means of comparing different returns over different periods on a consistent basis with the unit being years, hence per annum. Normally only returns over periods greater than one year are annualised. The average annual return is the rate that an investor would have earned in each year to achieve the total cumulative return over the period.
<b>average bond</b>	Form completed by a consignee and countersigned by his bank before taking delivery of goods from a vessel where a <b>general average loss</b> has been sustained. Under the bond, the consignee agrees to meet his share of the general average loss.
<b>average capital balance</b>	In relation to a claim for <b>community investment tax relief</b> for a loan, this term means "the mean of the daily balance of capital outstanding during that period, ignoring any non-standard repayments of the loan made in that period or at any earlier time" (Income Tax Act 2007 s362(2)). An amended definition appears in s363(6) in respect of any value received by the investor during the six-year loan period. For corporation tax, the definition is given in Corporation Tax Act 2010 s246(6).
<b>average clause</b>	Provision in a marine insurance contract. It states the amount of loss that must arise before a claim is payable.
<b>average contents rules</b>	For <b>beer duty</b> , the procedure set out in Customs notice 226 in relation to beer sold in <b>small packs</b> of up 10 litres. The amount of duty may be assessed on the

**average system** rather than on each pack.

**average cost** The total cost of producing  $n$  units divided by  $n$ . As the total cost usually includes an element of fixed costs, the average cost declines as quantity increases.

**average directional movement (ADX)**  
In investment, a charting term that indicates the presence of a trend or movement in price. The ADX measures the strength of that trend or movement, regardless of its direction.

**average down** Buying a security at a lower price than paid for the exiting holding. This is one of the manifestations of **unit cost averaging**.

While it increases the chances of the overall holding becoming profitable, it is not a generally recommended investment strategy. Each purchase of shares should be considered on its own merits.

**average due date** The average date when several different payments fall due.

**average earnings** Earnings of an employee averaged over a defined period.

Average earnings are used for various purposes. For the purposes of **statutory maternity pay (SMP)**, the average earnings for the eight weeks before the **qualifying week** are used to calculate the SMP for the first six weeks, as 90% of these average earnings unless this is less than the **set rate**.

Figure on which entitlement to **SERPS** and **state second pension** are calculated.

**average general** Another form of **general average** in relation to marine insurance. The principle is that if cargo has to be discarded to save a ship in peril, all cargo providers will share that loss.

**average income per capita** Another expression meaning **per capita income**.

**average monthly amount** The average amount of PAYE which an employer reasonably believes will be paid to HMRC during the forthcoming tax year. If this figure is less than £1,500, PAYE may be paid quarterly

Details are given in PAYE Regulations SI 2003 No 2682 reg 70.

**average out** An indication of general trends of averages.

For example if sales increases in successive years as 9.4%, 10.3% and 9.9%, the increases could be said to average out at 10%.

**average outgoing quality (AOQ)**  
Proportion of defective items being sent with a product after a system of quality control has been implemented.

For a single inspection scheme, with an **acceptance number**  $n$  from sample sizes of  $N$ , with 100% inspection of failed batches, the formula for AOQ is:

$$AOQ = P(p) (1 - n/N)p$$

where  $p$  is the proportion of defective items and  $P(p)$  is the probability of a

batch with such proportion being accepted.

**average outgoing quality limit (AOQL)**

The highest average proportion of defective items than will be accepted over a long run, after a system of quality control has been implemented.

This is determined by plotting the **average outgoing quality (AOQ)** against the proportion of defective items. The AOQL is the highest point on the graph.

**average particular**

Another term for **particular average**, a clause in a contract in marine insurance.

When some cargo is lost or damaged during a journey, the cost is borne by the cargo supplier or his suppliers alone. There is no sharing of the cost among other cargo suppliers as under **average general**.

**average propensity to consume (APC)**

The average propensity to consume is the proportion of income that is spent. If a person spends £4,000 of a £10,000 income, then the APC is 0.4.

**average rate of income tax**

Total amount of income tax paid as a percentage of total earnings.

For example, someone earns £30,000 and pays no tax on the first £11,000 and 20% on the remaining £19,000. Their tax of £3,800 on £30,000 equals an average rate of income tax of 12.7%.

**average rate of tax**

The average rate of tax is the total amount of income tax paid as a percentage of a person's income.

For example, a person has personal allowances and other tax deductible items of £8,000. He earns £20,000 when the basic rate of income tax is 20%. His income tax liability is £2,400 (20% of £20,000 less £8,000).

His average rate of tax is 12%. This is the ratio of £2,400 to £20,000. His **marginal rate of tax** is 20%, as that is how much he pays on every *extra* £1 earned.

**average rate option**

Form of **Asian option**.

**average remaining service life**

In occupational pension schemes, calculation of future liability to meet the pension requirements of existing employees.

**average revenue per user (ARPU)**

Average amount of income generated by a single user.

These figures are commonly used in the telecommunications and similar industry. ARPU is the main method for such companies in identifying where revenue growth is.

**average-sized**

As of the same size as most others of the same nature. The term is often applied to businesses.

**average stater**

Another term for an **average adjuster**.

<b>average stock</b>	In financial accounting, method of valuing closing stock on the assumption that every stock item has cost the average amount for that stock item.
<b>average system</b>	For <b>beer duty</b> , quality control method to determine the <b>average contents</b> of a <b>small pack</b> of up to ten litres of beer. The system is set out in Customs notice 226. Provided this is followed, it is not necessary to measure the contents of each small pack.
<b>average tax rate</b>	Amount of tax paid divided by income or value on which the tax was assessed. In the UK, this is more usually referred to as the <b>effective rate</b> of tax.
<b>average true range bands</b>	In investment, an envelope of support and resistance lines of the price range of a share or other security, as calculated by the exponential average of the difference between highs and lows.
<b>average turnover amount</b>	In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A(7) as inserted by Finance (No 2) Act Sch 5. In relation to venture capital trusts, the term is defined in Income Tax Act 2007 s280C(8) as inserted by Finance (No 2) Act Sch 6.
<b>average weekly earnings (AWE)</b>	Figure used to determine eligibility of <b>statutory payments</b> , and to calculate the first six weeks of <b>statutory maternity pay</b> . It is usually calculated as the average for the eight weeks before the <b>qualifying week</b> .
<b>averaging</b>	<p><i>Insurance</i></p> <p>Process addressed in <b>averaging clause</b> in insurance contracts.</p> <p><i>Securities</i></p> <p>Policy of buying securities at different prices at different times, so that their average value changes with each purchase.</p> <p>This is used in different investment strategies, particularly <b>pound cost averaging</b> which can be a simple but effective investment strategy, and <b>buying down the market</b> which is usually an unwise strategy.</p> <p><i>Taxation</i></p> <p>In international taxation, any system whereby incomes can be averaged over a period of more than one year. The UK tax system allows for averaging of profits from farming and artistic creation (such as painters and composers).</p>
<b>averaging clause</b>	Provision in most insurance policies that all assets must be insured, and compensation is reduced if a claim is made when there is not full insurance. A person who owns four properties in different towns each worth £1 million may decide that it is so unlikely that they will all burn down at the same time that he only insures the four to a maximum of £1 million. The insurance company would therefore bear four times the risk for the same premium. Under the averaging clause, the insurance company would restrict its payment for one property burning down to £250,000.

<b>averaging profits</b>	Process by which farmers may spread profits that fluctuate from year to year, or where creative artists spend more than one year creating a work. The tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s221.
<b>averia</b>	Latin: cattle
<b>averment</b>	In law, an allegation made in pleading. In tax disputes, averment is sometimes used to mean an agreement on a particular point. An example is that the taxpayer admits receiving income but disputes whether it is taxable.
<b>AVGAS</b>	<b>Aviation gasoline</b> , a light oil which is specifically produced as fuel for aircraft, is not normally used in road vehicles and is delivered for use solely as fuel for aircraft.
<b>avian flu</b>	Disease people catch from birds, also known as <b>bird flu</b> . The World Health Organisation said on 7 November 2005 that it would cause a pandemic costing \$800 billion. The UK Department of Health said a quarter of the population would become infected and 50,000 people. None of this happened.
<b>aviation gasoline</b>	“Means <b>light oil</b> which — (a) is specially produced as fuel for aircraft, (b) at 37.8°C, has a Reid Vapour Pressure of not less than 38kPa and not more than 49kPa, and (c) is delivered for use solely as fuel for aircraft” (Hydrocarbon Oil Duties Act 1979 s1(3D)).
<b>aviation hazard</b>	The additional insurance risk of death or injury from participation in flying. Most policies only require this for high-risk activities such as being a private pilot or taking part in aeronautical displays. Such additional risk is usually insurable for additional premium. Flying on a normal passenger aircraft is not an aviation hazard.
<b>aviation law</b>	Branch of law concerned with registration an administration of aircraft and airports, and disputes relating to transport of goods and passengers by air.
<b>aviation turbine fuel (AVTUR)</b>	Kerosene which is intended to be used as fuel for aircraft. It may be delivered for that purpose without being marked in accordance with Customs regulations.
<b>a vinculo matrimonii</b>	Latin: from the bond of matrimony.
<b>avital</b>	Of a grandfather, ancestral.
<b>avizandum</b>	Private consideration of a case by a judge before giving judgment. In Scots law, “to be considered. Judgment is deferred, an oral or written

decision to be given later" (Judiciary of Scotland website glossary).

<b>avo</b>	One hundredth of a pataca, currency of Macao.
<b>avocat consultant</b>	French term meaning a consulting lawyer.
<b>avoid</b>	To make provisions not to discharge a duty, as in <b>tax avoidance</b> . In law, the word can also mean to make void, such as in avoiding a contract.
<b>avoidable cost</b>	In management accounting, a cost that can be eliminated by taking a specific action.
<b>avoidance</b>	Seeking to avoid something. The term is usually restricted to legal activities, whereas illegal activities are <b>evasion</b> . So tax avoidance is legally planning one's finances to minimise the tax liability whereas tax evasion is illegally concealing or misrepresenting one's financial positions. While this distinction is widely accepted, it is also widely ignored and so a reader should not always assume that avoidance is legal or that evasion is illegal.
<b>avoidance arrangements</b>	(1) In relation to <b>manufactured payments</b> , "means any arrangements the main purpose of which is to secure a deduction for the purposes of income tax, or any other <b>income tax advantage</b> , for any person" (Income Tax Act 2007 s572A(1)). (2) For apprenticeship levy, the term is given a specific meaning in Finance Act 2016 s103.
<b>avoidance-inspired</b>	Description of a <b>post-entitlement enhancement</b> under a pension scheme where "the main purpose, or one of the main purposes, of the individual in entering into the scheme was to avoid or reduce a liability to the annual allowance charge" (Finance Act 2004 s236A(3)).
<b>avoidance of disposition order</b>	Order made by the High Court to set aside a transaction by a husband or wife which is designed to defeat the other's claim for financial provision.
<b>avoidance purposes</b>	In relation to anti-avoidance for hire purchase and similar agreements as they affect capital allowances: "a transaction, scheme or arrangement has an avoidance purpose if the main purpose, or one of the main purposes, is to obtain a tax advantage under this Part [2] that would otherwise not be obtained" (Capital Allowances Act 2001 s215(3)).
<b>avoidance scheme</b>	Scheme whose sole purpose is to avoid or reduce liability to a tax.
<b>avoirdupois</b>	System of imperial weights where one pound equals 16 ounces.
<b>avoir fiscal</b>	French term for a tax on dividend payments.

<b>Avon Cosmetics</b>	<p>Cosmetics company that sells its products through agents, often self-employed women. Their earnings from the work are usually below the VAT threshold.</p> <p>HMRC introduced a scheme whereby the product sales to customers were subject to VAT as if the supply had been made directly by the company. This was registered with the EU as a derogation under Decision 89/534.</p> <p>The company unsuccessfully challenged the scheme on the basis that it did not allow for demonstration products. This was rejected by the Court of Justice of the European Union which held that the scheme was lawful (<i>Avon Cosmetics Ltd v HMRC [2017] CJEU Case 305/16. The Times 11 January 2018</i>).</p>
<b>a vostro beneplacito</b>	Italian: at your pleasure.
<b>avouch</b>	Vouch for.
<b>avoué</b>	French: lawyer, attorney.
<b>avow</b>	In law, to admit or confess something.
<b>avowal</b>	Statement made in public and which may be used against its maker.
<b>avowtry</b>	Adultery.
<b>AVS</b>	<b>Annual voluntary settlement.</b>
<b>AVTUR</b>	<b>Aviation turbine fuel.</b>
<b>avulsion</b>	Process of cutting land off from other land, such as when a river changes its course. In law, the ownership and other rights of the land are usually unaffected.
<b>avuncular</b>	Pertaining to an uncle, or having the same geniality traditionally associated with an uncle.
<b>award</b>	<p>(1) Something given by a body in recognition of an achievement.</p> <p>There are some tax provisions which allow awards for achievement or long service to be made tax-free. There is also the <b>Taxed Award Scheme</b> which allows the employer to pay the tax when an award is taxable.</p> <p>(2) Sum which an arbitrator or judge determines is payable to someone after due process.</p>
<b>award date</b>	For <b>disguised remuneration</b> , date on which an employee is awarded deferred remuneration (Income Tax (Earnings And Pensions) Act 2003 s554H(1)(a)).
<b>award for bravery</b>	<p>Certain awards for bravery carry a right to a pension or annuity that are free of income tax (Income Tax (Earnings And Pensions) Act 2003 s638).</p> <p>The awards are Victoria Cross, George Cross, Albert Medal, Edward Medal, Military Cross, Distinguished Flying Cross, Distinguished Conduct Medal, Conspicuous Gallantry Medal, Military Medal and Distinguished Flying</p>

	Medal.
<b>away</b>	In finance, American term occasionally used to describe a security, quote or market which does not conform to current market levels.
<b>AWB</b>	Air Waybill - an airline Air Waybill is a bill of lading which covers both domestic and international flights transporting goods to a specified destination. This is a non-negotiable instrument of air transport that serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed and obligates itself to carry the consignment to the airport of destination according to specified conditions.
<b>AWE</b>	<b>Average weekly earnings.</b>
<b>AWG</b>	<b>ISO code</b> for Aruba guilder.
<b>AWIS</b>	Army Welfare Information Service.
<b>awmous</b>	Old term for <b>alms</b> .
<b>AWOL</b>	Absent without leave. Used in the express to <b>go AWOL</b> .
<b>AWRS</b>	<b>Alcohol Wholesaler Registration Scheme.</b> This is also the prefix for HMRC's tax manual on the scheme.
<b>Awst</b>	Welsh: August.
<b>AWW</b>	Army Welfare Worker.
<b>axe</b>	Colloquialism for a savage cut, such as a large reduction in staff or a big reduction in prices.
<b>axe man</b>	Colloquialism for a person who makes savage cuts, particularly in terms of reducing jobs. The term literally means a murderer who uses an axe.
<b>axis</b>	Base line on a <b>graph</b> . The horizontal line is the <b>x-axis</b> and denotes the functions being carried out. The vertical line is the <b>y-axis</b> and denotes the results of these functions.
<b>axle grease</b>	Australian slang for money.
<b>AY</b>	Amount of relief in a tax year in relation to a dwelling-related loan, as given in the formula in Income Tax (Trading and Other Income) Act 2005 s274A(5).
<b>Azarbaycan Respublikasi</b>	Azeri (language): Republic of Azerbaijan.
<b>Azerbaijan</b>	Eastern republic. Its currency is the <b>new manat</b> . UK has a double taxation convention agreed in 1994.
<b>azienda</b>	Italian: company.



**AZN** **ISO code** for Azerbaijan new manat.

**azonal** Not arranged in zones.