

# P

## P

### *Tax forms*

Series of forms used by HMRC to administer the PAYE scheme. The more common forms include:

- P1 tax return
- P7X general instruction to update employee tax codes
- P11 record of employee's pay and tax
- P11D annual return of employee benefits
- P 45 employee leaving

### *Company cars*

Before 6 April 2011, the P11D code for a company car that had a petrol engine. This is now code A.

### *Tax code*

Suffix for **tax code** used until 2009/10. It indicates that the taxpayer is entitled to the age allowance by being born before 6 April 1935. Such taxpayers now have the V suffix.

### *National insurance*

From 6 April 2015, national insurance contribution letter to indicate that the employee is a mariner under 21 who has deferred rate contributions.

Previously, it was the equivalent to a contribution letter once used to indicate that an employee was the subject of a national insurance contributions holiday.

### *Other meanings*

- (1) Abbreviation sometimes used in an Act of Parliament to identify a person, eg Identity Documents Act 2010 ss4-6, now repealed.
- (2) Probate, Divorce and Admiralty Division Law Reports, published from 1891 to 1971.
- (3) Old Roman numeral for 400.
- (4) Abbreviation: pula, currency of Botswana.
- (5) Abbreviation: Philippine peso.
- (6) Relevant profits as used in averaging formula in Income Tax (Trading and Other Income) Act 2005 s223(4).
- (7) Total amount of additional deductions given for previous periods, in Corporation Tax Act 2009 s1200.
- (8) For capital allowance for an assured tenancy, the amount of any proceeds from a balancing event (Capital Allowances Act 2001 s522).
- (9) Figure used in formula for cluster area allowance in Corporation Tax Act 2010 s356JHA.
- (10) Number of days in pay period (Income Tax (Earnings and Pensions) Act 2003 s452D(3)).
- (11) Party to a cost-sharing arrangement for patent box (Corporation Tax Act

2010 s357GCZA(1) and following sections as inserted by Finance (No 2) Act 2017 s23.

(12) Figure used to calculate additional deduction for video games tax relief (Corporation Tax Act 2009 s1217CG(1)).

(13) In newspaper lists of share prices, the letter may indicate an initial dividend.

**p** Pence or penny, from introduction of decimal currency in 1971.

**P2P** **Peer to peer**, a description of lending between two individuals.

**P2P platforms** "P2P platforms work by providing a connection and management service that puts lender (the investors) in contact with borrowers; the platforms themselves are not party to the loans being made" (Inspector's Manual at SAIM 12020).

**P2P sector** "The peer-to-peer lending sector (the P2P sector) enables individuals and businesses to lend to each other through the intermediary of an internet platform." (Inspector's Manual at SAIM 12020).

**P9D** Rare form used in the PAYE system to disclose expenses paid to employees who are not **P11D employees**.

The law is found in PAYE regulations SI 2003 No 2682 from reg 85.

The form is last used for 2016 (completed in 2017), after which almost all employees are taxed on benefits under P11D rules.

**P11** Card or deductions sheet which records pay and tax deductions under manual forms of PAYE system. The card was square with one corner cut off for filing.

**P11 calculator** Calculator provided free by HMRC on the employer CD-ROM or website to calculate the value of benefits provided.

**P11D** **Annual return of expenses for directors and employees who earn over £8,500.**

The law is found in PAYE regulations SI 2003 No 2682 from reg 85.

This figure has remained unchanged from 1979. Previous limits are:

Date	P11D limit
6 April 1979	£8,500
6 April 1978	£7,500
6 April 1977	£5,000

**P11D code** Single letter used on a P11D form to indicate what type of fuel is used in a company car.

From 6 April 2011, only four letters are used:

- A: petrol and equivalents
- D: diesel
- E: electric

- H: hybrid.

Before 6 April 2011, the letters B, C, G L and P were also used for various alternative fuels.

**P11D employee**

Widely used but unofficial term for an employee who comes within the scope of the P11D tax return.

Such an employee is one whose earnings are at least £8,500 a year (including taxable expenses) or who is a director (with a few exceptions).

Before 6 April 1989, the legislation referred to such people as "higher paid" employees.

This distinction is abolished from 6 April 2016, except that ministers of religion paid less than £8,500 are exempt from tax on benefit in kind such as accommodation.

**P38(S)**

Form that could be completed by a student working in the Easter, summer or Christmas vacations. It allowed the student to be paid without deduction of income tax under PAYE, provided their total income did not exceed the personal allowance for the year. If the Easter vacation spanned 6 April, separate forms had to be completed for each year.

The system was abolished with the introduction of real time information in 2013.

**P45**

Three-part form produced when an employee leaves for any reason.

The contents of it are as set out in PAYE Regulations SI 2003 No 2682 from reg 36.

**P45ESA**

Form that is completed by the Department of Work and Pensions when an award for employment and support allowance ceases (PAYE regulations SI 2003 No 2682 reg 184L).

**P45U**

Form that is completed by the Department of Work and Pensions when an award for a taxable social security benefit ceases (PAYE regulations SI 2003 No 2682 s158).

**P46**

Form that was completed by a new employee who does not provide the employer with a **P45 certificate**. It is no longer used from the introduction of real time information (in 2012 or 2013).

Details of the form were given in PAYE Regulations SI 2003 No 2682 para 42ff.

**P46(car)**

Form that an employer completes to tell HMRC about changes in a company car provided to an employee. This allows adjustments to be made to the employee's tax code. The form was discontinued from 6 April 2010, but was reintroduced in electronic form from 6 April 2011.

The law is PAYE regulations SI 2003 No 2682 s90(1).

**P46(pen)**

Form used for a **new pensioner** who does not have a P45 certificate from a previous employment. Details of the form and its use are given in PAYE regulations SI 2003 No 2682 from reg 54.

<b>P47 limit</b>	Limit on the amount of tax refund that could be given to a new employee on their first payslip, under the PAYE system. A larger refund needed permission from the tax office. Permission was requested on form P47 and given on form P48. The limit was abolished from 6 April 1996. It had been £200 from 6 April 1991; £100 from 6 April 1988; and £50 previously.
<b>P60</b>	<p>Statement of earnings and tax that an employer must provide to each employee in respect of each tax year by 1 June following the end of the tax year. The employee is advised to keep the form as evidence of pay and earnings.</p> <p>The requirements of form P60 are set out in PAYE regulations SI 2003 No 2682 reg 67.</p>
<b>P326</b>	Form provided by the Post Office for use when a single packet is sent by a VAT-registered business to a business customer in another EU member state. This form is part of the documentary evidence needed to justify zero-rating such a supply. The matter is explained in VAT notice 725.
<b>PA</b>	<p>(1) personal assistant</p> <p>(2) per annum</p> <p>(3) <b>public accountant.</b></p> <p>(4) abbreviation used in Capital Allowances Act 2001 s212O in relation to balance sheet value pools.</p>
<b>PA1</b>	Primary authority under Regulatory Enforcement and Sanctions Act 2008 s29C(1)(b) as inserted by Enterprise Act 2016 s20.
<b>PA2</b>	Another qualifying regulator nominated as a primary authority under Regulatory Enforcement and Sanctions Act 2008 s29C(1)(b) as inserted by Enterprise Act 2016 s20.
<b>paan</b>	<p>Mixture of betel nut, coconut, rose petals, sugar and honey, wrapped in betel leaves.</p> <p>The tribunal held that this could be zero-rated as food as it had nutritional value. It rejected Customs' view that the main ingredient, betel nut, was a stimulant rather than a food. <i>G R Soni [1980] VTD 897.</i></p>
<b>pa'anga</b>	Currency of Tonga.
<b>PAB</b>	<b>ISO code</b> for Panamanian balboa.
<b>PACAC</b>	Public Administration and Constitutional Affairs Committee, a parliamentary committee of MPs.
<b>PACE</b>	<b>Police and Criminal Evidence Act 1984.</b>
<b>pace</b>	Latin: by permission of.
<b>PACE code of practice</b>	One of several codes of practice issued under Police and Criminal Evidence Act 1984.

There are eight such codes:

- A: searching a person who has not been arrested
- B: searching premises and seizing property found
- C: detention, treatment and questioning of suspects
- D: identification of suspects
- E: sound recording of interviews of suspects
- F: visual recording of interviews of suspects
- G: statutory powers of arrest
- H: detention of terrorism suspects.

<b>PacMan defence</b>	Defensive strategy to a hostile takeover, in which the target company attempts to take over the acquiring company, usually in the hope that the acquiring company will abandon the takeover.
<b>pacesetter</b>	In investment, the best product or company in the market.
<b>pace tua</b>	Latin: by your leave.
<b>Pacific Basin Economic Council (PBEC)</b>	A business organisation formed in 1967 whose aim is to lobby for favourable legislation and social responsibility among countries that border the Pacific Ocean.
<b>Pacioli, Luca</b>	A Venetian monk (c1446-1517) who first codified what became known as <b>double entry bookkeeping</b> in 1494.
<b>package</b>	(1) Goods wrapped so that they may be sent by post or courier. (2) A collection of assets, attributes, rights or similar which are offered as one item. (3) "In relation to beer, means to put beer into tanks, casks, kegs, cans, bottles or any other receptacles of a kind in which beer is distributed to wholesalers or retailers" (Alcoholic Liquor Duties Act 1979 s4(1)).
<b>package deal</b>	Agreement which deals with more than one issue.
<b>package test</b>	VAT term for a test which may allow a printer to zero-rate an entire consignment of material for a charity even though some of it would not be zero-rated if supplied separately. The term is used in VAT leaflet 701/1 and is explained in leaflet 701/10.
<b>packaged bank accounts</b>	Bank accounts that come with benefits and are usually subject to a charge.
<b>packaging</b>	For VAT, "normal and necessary packaging" is treated as part of the supply of the packaged product. This include "ordinary tins, bottles and jars" (VAT notice 700). If the packaging is more than normal and necessary, such as selling food in a re-usable storage container, it may be taxed separately.

<b>packaging premises</b>	For soft drinks industry levy, where the drinks are packed. The levy is charged when drinks are removed from such premises. (Finance Act 2017 s32).
<b>packaging tape</b>	Adhesive tape used for sealing cartons for delivery. The tape is often brown and 66mm wide.
<b>packaging waste recovery note (PRN)</b>	“Certificate of recycling purchased to show that a company has met their obligations to fund the recycling and recovery of packaging waste as required by the Packaging Waste Regulations” (Valpak website).
<b>packed lunch</b>	Food prepared for eating later, often supplied by hotels. From 1 July 1991 they are specifically standard-rated for VAT as a supply of <b>catering</b> .
<b>packet</b>	(1) Item prepared for posting or other delivery. (2) Colloquialism for a high price.
<b>pact</b>	Agreement which the parties regard as binding though usually not legally enforceable.
<b>pacta dant legem contractui</b>	Latin: agreements constitute the law of contract.
<b>pacta quae contra leges constitutionesque vel contra bonos mores fiunt, nullam vim habere, indubiati juris est</b>	Latin: it is undoubted law that agreements which are contrary to the laws and constitution, or contrary to good morals, have no force.
<b>pactum illicitum</b>	Latin: illicit pact.
<b>pactum undum</b>	Latin: pact without consideration.
<b>pad</b>	(1) Pile of sheets of paper loosely bound for making notes. (2) “The drilling and extraction site” for extracting shale gas (Government consultation documents). (3) Colloquial term for a residence.
<b>pad allowance</b>	Tax allowance provided for onshore capital expenditure to extract shale gas. It has the effect of reducing profits from around 62% to about 30%.
<b>paddock</b>	Enclosed field for grazing horses.
<b>PAH</b>	Polycyclic aromatic hydrocarbon, a pollutant.
<b>paid basis</b>	Tax term for provisions which take effect when an actual payment is made rather than where an accounting entry is made which does not transfer funds between parties. The term is used in connection with such matters as interest on late payment of corporation tax by connected companies.

<b>paid or incurred basis</b>	<p>Arrangement reached by some tax inspectors before 1999 that allowed expenses to be claimed in the period for which the expense was paid or incurred, regardless of the accounting treatment.</p> <p>Such arrangements were informal but binding on the tax authorities. These arrangements have now generally been ended. The matter is discussed in the Inspectors' Manual at BIM42220.</p>
<b>paid or put at disposal by reason of the employment</b>	<p>Expression used in Income Tax (Earnings And Pensions) Act 2003 s71 for determining when a director or employee has received a payment which triggers a liability to tax.</p>
<b>paid up capital</b>	<p>Shares for which the shareholders have paid the whole nominal value; there are no unpaid calls.</p>
<b>paid up insurance</b>	<p>Insurance policy on which all required premiums have been paid.</p>
<b>paid up policy</b>	<p>Insurance policy where all the premiums have been paid.</p>
<b>paid up scheme</b>	<p>A pension scheme where no contributions are being paid, but which has assets that are held which may be used to provide benefits for the relevant scheme member.</p>
<b>paid up share</b>	<p>Share where the shareholder has provided all the sum required. There are no outstanding <b>calls</b> on the share.</p>
<b>paid work</b>	<p>In relation to criminal offences committed by a care worker, the term is defined in Criminal Justice and Courts Act 2015 s20(4).</p>
<b>PAIF</b>	<b>Property authorised investment fund.</b>
<b>paired share</b>	<p>When a share in one company is paired with a share in another company for a particular purpose.</p> <p>An example was the provision for <b>preferential share purchase</b> by employees when they bought a share in National Power matched with a share in PowerGen when they were privatised in March 1991.</p>
<b>paisa</b>	<p>One hundredth of a rupee, currency of India.</p>
<b>Paisley, Ian</b>	<p>Irish DUP politician (1926-2014) who was First Minister of Northern Ireland from 8 May 2007 to 5 June 2008.</p>
<b>Pakistan</b>	<p>Eastern country. Its currency is the Pakistan rupee of 100 paisa. The UK has a double taxation convention of 1986.</p> <p>Payments of a pension made under Pensions (India, Pakistan and Burma) Act 1955 may be exempt from income tax under Income Tax (Earnings And Pensions) Act 2003 s654.</p>
<b>paktong</b>	<p>Nickel-silver.</p>

<b>Palau</b>	Island state in Philippine Sea that became independent in 1994. Its currency is the US dollar of 100 cents. The UK has no double taxation treaty.
<b>Palestine</b>	Territory in the Middle East which is partly recognised as a state. It has observer status at United Nations. It does not have its own currency but uses the Egyptian pound, Israeli shekel and Jordanian dinar. The UK has no double taxation treaty.
<b>palimony</b>	Equivalent to <b>alimony</b> claimed by one party from the other in an established partnership but which is not a marriage or civil partnership.
<b>palimpsest</b>	Parchment of other writing material on which the original text has been erased and another written.
<b>palladium</b>	Element that is a precious metal.
<b>pallet</b>	Hollow wooden box-like structure designed so that goods stacked on it may be moved by a forklift truck.
<b>palliative care charity</b>	<p>“Means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional to persons who are in need of such care as a result of having a terminal illness” (Value Added Tax 1994 s33D(1)).</p> <p>A medical professional for these purposes is a doctor or nurse (ibid s33D(2)).</p> <p>From 1 April 2015, such a charity may claim back VAT input tax.</p>
<b>palm</b>	<p>(1) Old measure of width equal to about four inches.</p> <p>(2) Colloquial term for bribe.</p>
<b>palm-grease</b>	Colloquial term for a bribe.
<b>pan</b>	Process of washing small amounts of mineral in a shallow dish to extract gold.
<b>Panama</b>	South American country. Its currency is the balboa of 100 centésimos, though the US dollar is also widely used. The UK has a double taxation convention of 2013.
<b>Panama papers</b>	Term coined in 2016 for a set of 11.5 million leaked documents from the Panamanian law firm Mossack Fonseca regarding 214,000 offshore companies. The papers were leaked to investigative journalists in 2015 and were made public. They showed that many world leaders and leading companies had hidden funds in Panama, often avoiding tax. The prime minister was forced to resign. British prime minister David Cameron's father Ian Cameron was found to have set up a business in Panama from which David Cameron benefited but did not break any law.
<b>8pandemic</b>	<p>Outbreak of illness that affects a large number of people.</p> <p>Rules regarding <b>statutory sick pay</b> may be relaxed during a pandemic.</p>



### **Panel on Takeovers and Mergers (POTAM or PTM)**

Body now regulated under Companies Act 2006 s942 for purposes outlined in following sections. It was originally formed in 1968.

Its "main functions are to issue and administer the City Code on Takeovers and Mergers (the Code) and to supervise and regulate takeovers and other matters to which the Code applies. Its central objective is to ensure fair treatment for all shareholders in takeover bids.

"The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers under the EC Directive on Takeover Bids (2004/25/EC)" (Panel's website).

It is funded by the **PTM levy**.

### **pan-European pension plan (PEPP)**

Proposal from European Commission on 29 June 2017 for a pension plan where each EU state provides the same tax relief as for a national pension plan even if the PEPP does not meet national conditions.

### **panic buying**

Rush to buy an item where it is believed that may soon be a shortage. Such behaviour can become a self-fulfilling prophecy.

### **panini**

For VAT, the issue is whether they are intended to be eaten hot (making them standard-rated hot takeaway food) or are zero-rated food.

They were held to be zero-rated food in *R J Warren [2006] VTD 19902* but standard-rated hot takeaway food in *Coffee Republic plc [2006] VTD 20150*.

The latter decision is probably the better one.

### **pannage**

The right to pasture swine in a forest.

### **pantehnicon**

Furniture van.

### **panty liner**

For VAT, this is generally reduced-rated for sanitary protection but standard-rated for incontinence (Value Added Tax 1994 Sch 7A Group 4). Details are given in VAT notice 701/18.

### **PAP**

Production Account Point.

For **tobacco duty**, the precise, clearly defined point through which all tobacco products are channelled and where the production account is raised.

### **papacy**

Office of the Pope.

### **paper**

In finance, the term is also used for documents which exist on paper, such as share certificates or bills of exchange.

### **paper candidate**

Person who stands in an election with no serious thought of being elected but simply to ensure that their party is represented. A paper candidate usually makes little effort to canvass support.

<b>paper credit</b>	Credit allowed on bills, promissory notes and similar showing that money is due to the borrower.
<b>paper for paper relief</b>	In capital gains tax, a relief given in Taxation of Capital Gains Act 1992 s169N(4) where a security is disposed of for another security.
<b>paper gold</b>	Colloquial name for <b>special drawing rights (SDR)</b> . SDR were developed as an alternative to gold for large international transactions. This was traditionally done in gold, but as the world stock of gold was finite, some additional form of international currency was required.
<b>paper loss</b>	Loss made according to accounting adjustments but which is not reflected by any loss in cash. A common example is when an asset falls in value.
<b>paper migration</b>	Change of country of residence where there is no actual movement by the person. An example is where a person has residences in two countries and changes the one regarded as their main residence.
<b>paper millionaire</b>	Person who owns shares and other securities worth at least one million pounds (or one million of any other currency).
<b>paper money</b>	Cash in the form of banknotes, as against coins.
<b>paper offer</b>	Takeover bid where a company offers its own shares as a replacement for shares in the 10acquired company.
<b>paper people</b>	People who exist only on paper. These are usually false second and subsequent identities created to make additional claims for social security or for a similar nefarious purpose. The method usually involves obtaining a birth certificate for a person of the same sex born at a similar time and who died in infancy. This can then be used to obtain false driving licence, passport and other documents.
<b>paper profit</b>	Profit which arises from accounting adjustments but which is not reflected by any additional cash. A common example is when an asset is revalued.
<b>Papua New Guinea</b>	Country in Pacific Ocean. Its currency is the kina of 100 toea. The UK has a double taxation agreement of 1991.
<b>PAR</b>	(1) In relation to taxation of <b>cemeteries</b> and <b>crematoria</b> , the number of plots available at the end of the accounting period (Corporation Tax Act 2009 s148 and Income Tax (Trading and Other Income) Act 2005 s171(1)). (2) Practice Assurance Regulations, of Institute of Chartered Accountants in England and Wales.
<b>par</b>	At the same value or price. The term is commonly used for <b>shares</b> .
<b>Paraguay</b>	South American country. Its currency is the guarani of 100 céntimos. The UK has no double taxation treaty.

<b>par avion</b>	French: by airmail.
<b>para</b>	Abbreviation: paragraph. The term is widely used for sections of a Statutory Instrument or of a Schedule to an Act of Parliament.
<b>paraflow</b>	Heat exchange device used in brewing.
<b>parage</b>	Latin: equality of blood, name or dignity.
<b>paragium</b>	Latin: equality of blood, name or dignity.
<b>paragraph (b) associate</b>	<p>In relation to PAYE debts of a managed service company, “means a person who —</p> <ul style="list-style-type: none"><li>(a) is within section 688A(2)(d) [of Income Tax (Earnings and Pensions) Act 2003], and</li><li>(b) is within that provision by virtue of a connection with a person who is within section 688A(2)(b)” (PAYE regulations SI 2003 No 2682 s97ZA(1)).</li></ul>
<b>paragraph (c) associate</b>	<p>In relation to PAYE debts of a managed service company, “means a person who—</p> <ul style="list-style-type: none"><li>(a) is within section 688A(2)(d) [of Income Tax (Earnings and Pensions) Act 2003], and</li><li>(b) is within that provision by virtue of a connection with a person who is within section 688A(2)(c)” (PAYE regulations SI 2003 No 2682 s977ZA(1)).</li></ul>
<b>Paraguay</b>	South American state. Its currency is the guarani.
<b>parallel running</b>	Operating two systems together as part of the process of moving from one system to the other, such as <b>computerisation</b> . It is also known as <b>dual running</b> .
<b>parallel trade goods</b>	“Goods manufactured with the consent of the <b>right-holder</b> , but marketed without such consent” (Customs notice 34). Customs may seize such goods.
<b>parcel of shares</b>	Fixed number of shares considered as a single entity.
<b>parcener</b>	Co-heir.
<b>parchment</b>	Writing material made from the skin of an animal.
<b>parent</b>	<p><i>People</i></p> <p>Mother or father. For most legal and financial purposes, this includes someone who has adopted a child, or a <b>guardian</b>.</p> <p>There are several tax provisions relating to parenthood. These are explained in the entry for <b>child</b>.</p> <p>In relation to free childcare, the term “includes any individual who —</p> <ul style="list-style-type: none"><li>(a) has parental responsibility for the child, or</li><li>(b) has care of the child” (Children Act 2016 s1(9)).</li></ul> <p>For inheritance tax and a trust for a bereaved minor, the term is defined in Inheritance Tax Act 1984 s71H. It broadly means anyone who has (or had)</p>

parental responsibility for the child. It includes a guardian and step-parent.

### *Companies*

"An entity that has one or more subsidiaries" (FRS 102 glossary).

### **parental bereavement leave (PBL)**

A statutory right, probably from 2019, for a parent to take two weeks paid leave if they have a child under 18 who dies.

The right is given in Employment Rights Act 1996 s80EA as inserted by Parental Bereavement (Leave and Pay) Act 2018 Sch para 1.

### **parental bereavement pay**

Payment provided to an employed parent for up to two weeks payment during **parental bereavement leave** when a child under 18 dies.

The right is given in Social Security Contributions and Benefits Act 1992 s171ZZ6 as inserted by Parental Bereavement (Leave and Pay) Act 2018 Sch para 5.

### **parental control**

In computing, software that allows adults to restrict websites to which children may gain access.

### **parental leave**

#### *Definition*

Right given to parents to take unpaid parental leave from work in certain closely defined circumstances. The right is given from 15 December 1999 in Employment Rights Act 1996 ss76-79. This right is in addition to **maternity leave, paternity leave** and **time off for dependants**. There is also a right to request **flexible working**.

#### *Conditions*

The main conditions of parental leave are:

- the employee must have worked for at least one year;
- the leave must be to care for a child;
- the parent must have **parental responsibility** for the child;
- the child must be either disabled or under five years old;
- the parent must give 28 days' notice (with some exceptions).

Caring for a child includes spending time with very young children, accompanying a child to hospital, checking out a new school, settling a child into new care arrangements, and taking a child to stay with grandparents.

#### *Maximum period*

The parent is entitled to up to 13 weeks' unpaid leave, 18 weeks if the child is disabled. Although the parent is not paid, other contractual rights continue. The employee is entitled to return to the same job or an equivalent job, and not to suffer any detriment in employment.

The amount of leave is per child; it is not an annual limit. So an employee who has taken eight weeks' parental leave in the child's first year, only has five weeks' remaining leave even if the parent changes job. There is no mechanism for ensuring compliance.

Parental leave may only be taken in whole weeks. Any leave taken in a week counts as one week, even if for just one day.

### **Employer's position**

An employer may make a **parental leave agreement**.

The employer may require the parent to produce evidence to justify parental leave. In some cases, the employer may have the power to postpone the leave.

These provisions only apply to the *statutory* right. An employer and employee may agree additional contractual or discretionary arrangements on whatever terms they wish. Such leave is usually known as **compassionate leave**.

### **parental leave agreement**

An arrangement made between an employer and employees regarding **parental leave**.

There are four types of agreement which may be made. The employer and employees may agree to:

- an individual agreement;
- a collective agreement; or
- a workforce agreement.

If no agreement is reached, a statutory arrangement applies.

An individual agreement is made between an employer and one employee and becomes part of that employee's contract of employment.

A collective agreement is made between the employer and a recognised trade union. A workforce agreement is similar to a collective agreement when there is no recognised trade union.

### **parental responsibility**

The responsibility a parent has for a child under 18 years old. This must be established for a parent to be able to claim **parental leave**.

The term "means all the rights, duties, powers, responsibilities and authority which by law a parent has in relation to the child and his property" (Children Act 1989 s3(1)).

Under parental leave, the mother always has parental responsibility. A father has parental responsibility if:

- he was married to the mother when the child was born;
- a court has made an order of parental responsibility;
- he has a formal agreement with the mother.

A person does not have to live with the child or the mother to have parental responsibility.

A person who adopts a child assumes parental responsibility.

### **parent body**

Body to which another body is accountable.

### **parent company**

Company which controls one or more subsidiaries in a group. It usually has the same meaning as **parent undertaking**.

For Companies Acts, the term "means a company that is a parent undertaking (see section 1162 and Schedule 7)" (Companies Act 2006 s1173(1)).

### **parent entity**

For the purposes of the bank levy, the holding company of a bank (Finance Act 2011 Sch 19 para 4).

<b>parenthesis</b>	Words in brackets, or the brackets themselves.
<b>parenting leave</b>	Maternity leave, paternity leave, adoption leave and any other leave that relates to parenting required by law or allowed by the employer. The term is used in relation to <b>statutory residence test</b> .
<b>parent or remoter forebear</b>	Term used in some Acts of Parliament to mean ancestor. The word means, parent, grandparent, great-grandparent, great-great-grandparent etc.
<b>Parents' Week</b>	Annual week-long celebration of parents and families organised since 1999 by the Family and Childcare Trust and its predecessors.
<b>parent undertaking</b>	<p>"An undertaking is the parent undertaking of another undertaking (the <b>subsidiary undertaking</b>) if any of the following apply:</p> <ul style="list-style-type: none"><li>(a) it holds a majority of the voting rights in the undertaking;</li><li>(b) it is a member of the undertaking and has the right to appoint or remove directors at meetings of the board on all, or substantially all, matters;</li><li>(c) it has the right to exercise a <b>dominant influence</b> over the undertaking:<ul style="list-style-type: none"><li>(i) by virtue of provisions contained in the undertaking's memorandum or articles; or</li><li>(ii) by virtue of a <b>control contract</b>. The control contract must be in writing and be of a kind authorised by the memorandum or articles of the controlled undertaking. It must also be permitted by the law under which that undertaking is established;</li></ul></li><li>(d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking;</li><li>(e) it has a <b>participating interest</b> in the undertaking and:<ul style="list-style-type: none"><li>(i) it actually exercises a <b>dominant influence</b> over the undertaking;</li></ul></li></ul> <p>or</p> <ul style="list-style-type: none"><li>(ii) it and the undertaking are <b>managed on a unified basis</b>;</li></ul> <p>(f) a parent undertaking is also treated as the parent undertaking of the subsidiary undertakings of its subsidiary undertakings" (FRS 2 para 14, which continues with an explanation of <b>member of another undertaking</b>)." A similar definition appears in Companies Act 2006 s1162.</p>
<b>parent with care</b>	Parent who looks after a child and who usually receives payments from the other parent, known as the <b>non-resident parent</b> . Note that the correct term is "parent with care", not caring parent.
<b>Pareto principle</b>	Observable phenomenon that in many situations, 80% of the effects come from 20% of the causes. An example is a company that earns 80% of its profits from 20% of its products. It is a widely used rule of thumb in business management. The term comes from the Italian economist (1848-1923) who first postulated the principle in 1906.
<b>par excellence</b>	French: as an example of excellence.

<b>pariah</b>	Member of the lowest caste in India; an outcast. By extension, the term is referred to any person or entity that is regarded as socially unacceptable, such as in the term pariah state.
<b>pari 15imila</b>	French: mutual stake. In betting, a totalizator whereby the stakes are distributed as winnings after management expenses and taxes have been deducted.
<b>pari passu</b>	Latin: "with equal step". Applies to the principle that creditors in the same rank are paid at the same rate from distributions in an insolvency.
<b>Paris Club</b>	Ad hoc forum of creditor governments that meet to discuss debt owed to them.
<b>parish</b>	District that has its own church. It is still used as the basic unit of area in the Church of England. It may also be used for civic administration. From 1 July 1837, the church's vestry became separate from the civil parish under Registration Act 1836. There are 10,479 civil parishes and 12,557 ecclesiastical parishes in England.
<b>parish clerk</b>	Person who takes the minutes and deals with administrative matters of a parish council. From 6 April 2011, such a person must be taxed as an employee.
<b>parish council</b>	Smallest unit of local government found in some parts of the country. Provisions are given in Local Government Finance Act 1972 s9.
<b>parish tax</b>	An experimental tax of 1371 which led to the <b>poll tax</b> .
<b>parity</b>	Equality, such as when shares are trading at their <b>nominal value</b> . In option trading, the term describes an option contract's total premium when that premium is the same amount as its intrinsic value.
<b>parity check</b>	Additional part of a word, number or code used in computing to check the validity of the whole word etc. The last two digits of a VAT registration number are a parity check.
<b>parity ratio</b>	In investment, a measure of the intrinsic value of a warrant.
<b>parking fine</b>	Fine for illegal parking of a vehicle, such as not paying, exceeding the time limit, not parking in a proper space, and similar. Where an employer pays a parking fine incurred by an employee, HMRC says this is a taxable benefit to the employee if the fine was handed to the employee at the time or if the car belongs to the employee. It is not a taxable benefit if the fine was paid by the employer as registered owner (Inspectors' Manual at BIM42520).
<b>parking space</b>	The provision of a parking space near work is not a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s266(1)).

<b>Parkinson's Law</b>	Satirical observation that the amount of work done is in inverse proportion to the people doing it. This was promulgated by C Northcote Parkison in 1957. Although intended humorously, it is now an accepted business truth.
<b>parlay</b>	Bet a stake plus winnings or investment plus earnings to obtain a greater reward.
<b>Parliament</b>	House of Commons and House of Lords. It is the place where statutes are made and matters of national importance discussed.
<b>Parliamentary annuities</b>	Annual amounts paid to individuals on the instructions of Parliament. The main recipients were members of the Royal Family other than the Queen herself. From 1993, the Queen reimbursed the Treasury. From 2011, these annuities are abolished with the sole exception of that for the Duke of Edinburgh which is paid directly from the Consolidated Fund.
<b>Parliamentary pension funds</b>	Funds set up under House of Commons Members' Fund Act 1939. Its tax treatment is set out in Income and Corporation Taxes Act 1988 s613.
<b>parliamentary privilege</b>	Protection of members of Parliament for any bill or speech made there. "And that sutes accusementes condempnacions execucions fynes americiamentes punysshments correccions grievances charges and imposicions putte or had or here after to be put or hadde unto or upon the said Richard [Strode] and to every other of the person or persons afore specified, that nowe be of this present parliament or that of any Parliament hereafter shalbe for any bill spekyng reasoning or delarying of any maters concerning the parliament to be commened and treated of, be utterly voyd and of none effecte...." (Privilege of Parliament Act 1512 s2 (part)). Richard Strode was a member of Parliament for Devon who was arrested and briefly imprisoned by a Stannary Court for introducing a bill in Parliament relating to tin mining. Anyone who believes they are defamed in Parliament cannot bring an action for defamation but may complain to the Speaker or Lord Speaker.
<b>parochial</b>	Pertaining to a parish.
<b>parochial charity</b>	Charity that relates to a parish or property within it. Legal provisions are contained in Charities Act 2011 from s298.
<b>parochial library</b>	Legal provisions are given in Ecclesiastical Jurisdiction and Care of Churches Measure 2018 s54.
<b>parole</b>	Temporary release of a prisoner from custody while still serving a sentence.
<b>Parole Board</b>	Board that determines whether a prisoner may be released on parole.
<b>parrot</b>	Endangered bird. The importation of the bird or its products is generally prohibited under <b>CITES convention</b> .



<b>parsimony</b>	Meanness in spending money.
<b>Part</b>	A section of a Chapter of an Act of Parliament.
<b>Part 4 charges</b>	Taxes on savings and investment income as set out in Part 4 of Income Tax (Trading and Other Income) Act 2005 from s365.
<b>Part 4 TIOPA amount</b>	In relation to transfer of intangible assets not at arm's length, "means the amount which, following the application of Part 4 of TIOPA [Taxation (International and Other Provisions) Act 2010] in relation to the consideration for the transfer, is brought into account in respect of the consideration for the purposes of corporation tax" (Corporation Tax Act 2009 s846(1C) as inserted by Finance (No 2) Act 2015 s42(1)).
<b>Part 5 one-way exchange effect provisions</b>	Provisions set out in Corporation Tax Act 2009 ss328A-328H.
<b>Part 6 asset</b>	In relation to a fixture for which research and development allowance has been claimed, the asset represented by such fixture (Capital Allowances Act 2001 s187(1)(b))
<b>Part 6 expenditure</b>	In relation to a fixture for which research and development allowance has been claimed, the amount of such claim (Capital Allowances Act 2001 s187(1)(a)).
<b>Part 7 one-way exchange effect provisions</b>	Provisions set out in Corporation Tax Act 2009 from s606H.
<b>part delivery (or part release)</b>	Delivery by a <b>Transit Shed Operator</b> of part of a Customs released consignment.
<b>part disposal</b>	<p>For inheritance tax provisions, the term "means a disposal of property which does not consist of or include the whole of each property which is one of <b>associated properties</b> and of which there has been a <b>conditionally exempt transfer</b>" (Inheritance Tax Act 1984 s32A(6)).</p> <p>For capital gains tax, "there is a part disposal of an asset where an interest or right in or over the asset is created by the disposal, as well as where it subsists before the disposal, and generally, there is a part disposal of an asset where, on a person making a disposal, any description of property derived from the asset remains undisposed of" (Taxation of Capital Gains Act 1992 s21(2)(b)).</p> <p>Provisions for capital gains tax are given in Taxation of Capital Gains Act 1992 from s242. Part disposals of long-funded plant and machinery are given in Taxation of Capital Gains Act 1992 s42.</p>
<b>part EAS</b>	<b>Employment alignment submission (EAS)</b> that is made under PAYE <b>real time information</b> for part of a payroll.
<b>part exchange</b>	Sales method which involves taking in an old item as part payment for a new item. This method is particularly common for selling cars, where the old car may be accepted as part payment of a new car. The old car is often accepted

at a value above its second-hand price as a means of clinching the sale.

For the purposes of income tax or corporation tax, the car must be valued as part of the purchase price. From August 1994 this may be at the car's trade value and need not be at a higher price allowed to clinch the sale.

**Parthian shot**

Arrow fired on a pursuer by someone fleeing on horseback, a habit of Parthian soldiers. By extension the term means any final attack by someone who has already lost, such as a criticism by an employee who has been dismissed.

**partial closure notice**

Notice of closure in respect of some items under enquiry by HMRC while leaving others.

Such notices are permitted under Finance (No 2) Act 2017 s63 and Sch 15.

The notices must relate to an enquiry under:

- Taxes Management Act 1970 s9A, 12ZM or 12AC, or
- Finance Act 1998 Sch 18.

**partial depreciation subsidy**

“Means a sum which —

(a) is payable directly or indirectly to a person who has incurred qualifying expenditure for the purposes of a qualifying activity,

(b) is in respect of, or takes account of, part of the depreciation of the plant or machinery resulting from its use for the purposes of that activity, and

(c) does not fall to be taken into account as income of that person or in calculating the profits of any qualifying activity carried on by him”

(Capital Allowances Act 2001 s209).

**partial disability**

A disability which is less than total (according to the particular definition relating to the contract in question) but still sufficient to hamper the individual in his or her occupation.

**partial exemption (PE)**

**VAT**

In VAT, the procedure which may be required when a VAT-registered trader makes both taxable and exempt supplies. (Taxable supplies include zero-rated supplies.) Partial exemption seeks to restrict the amount of input tax which the trader may claim on the VAT return, either as a deduction from the output tax payable or as a repayment from, HMRC. Banks and other financial institutions are always partially exempt.

The principle is simple. Suppose a trader has taxable supplies of £200,000 and exempt supplies £100,000 and incurs input tax of £60,000. Two-thirds of the output is taxable, so only two-thirds of the input tax may be claimed. In this example, £40,000. The other £20,000 is an additional cost to the trader.

While the principle is simple, the operation is notoriously complex.

Some small traders may be excused partial exemption if:

• their average monthly input tax does not exceed £625 (unchanged from 1994); and

• the exempt input tax does not exceed 50% of VAT on all purchases (introduced to counter the **toothbrush scheme**).

Such traders may claim back all their input tax and need not be

concerned about partial exemption.

For other traders, the **standard method** is normally used unless a **special method** can be justified.

Supplies and their related purchases are excluded if they can be exactly matched, such as if a bank sells money boxes. Some other supplies are also excluded (such as leases). From this a percentage is calculated according to a detailed procedure based on previous figures. The percentage determines how much input tax may be claimed back. This is subject to an **annual adjustment** which amends the input tax claimed in the light of figures for the current year.

Where the standard method is not appropriate, a **special method** may be agreed with HMRC. From 17 April 2002, HMRC may use the **standard method override** where, exceptionally, the trader is using the standard method and it does not give a fair apportionment of tax.

Partial exemption has been part of the VAT system since the tax was introduced in 1973. The present system was introduced on 1 May 1992. There was another revision in 1987. In particular, it should be noted that what is now called the standard method was known as the special method between 1987 and 1992.

#### *Income tax*

Term used in Income Tax Act 2007 ss741-742 in relation to anti-avoidance provisions for **assets transferred abroad**.

<b>partial exemption method</b>	A method used to apportion residual input tax under <b>partial exemption</b> .
<b>partial intestacy</b>	<p>When not all a person's property can pass on their death under the terms of a <b>will</b>. This is usually because property has been overlooked (such as when there is no <b>residuary legatee</b>), or when a provision fails for any reason.</p> <p>The property which does not pass in accordance with the will passes under the provisions of the Administration of Estates Act 1925 and subsequent legislation.</p>
<b>partially sighted</b>	Person who has very poor sight but who is not severely sight impaired. Such a person may be registered as blind, and be eligible for blind person's allowance and other disability provisions.
<b>partial rejection of goods</b>	A consumer's right as set out in Consumer Rights Act 2015 s21. This replaces Sale of Goods Act 1979 s35A.
<b>particeps criminis</b>	Latin: partner in crime. Person who shares in a crime; accessory.
<b>participating dividend</b>	"A dividend (or part of a dividend) on a <b>non-equity share</b> that, in accordance with a company's memorandum and articles of association, is always equivalent to a fixed multiple of the dividend payable on an equity share" (FRS 4 para 13).

**participating equity holders** In relation to distribution rights of a company being wound up, means “the equity holders of company B [being wound up] —  
(a) to whom the profit distribution would be made, or  
(b) who would be entitled to participate in the notional winding up” (Corporation Tax Act 2010 s169(2)).

**participating interest** *Accounting standard FRS 102*  
This expression is not used in current UK generally accepted accounting standards. Instead FRS 102 section 9 talks of subsidiaries and associate companies, and the amount of control needed to so classify them.  
The term was used in previous accounting standards.

*Accounting standard FRS 2*

“An interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of **control** or influence arising from or related to that interest.

(a) A holding of 20% or more of the shares of an undertaking shall be presumed to be a participating interest unless the contrary is shown.

(b) An interest in shares includes an interest which is convertible into shares, and includes an option to acquire shares or any interest which is convertible into shares.

(c) An interest held on behalf of an undertaking shall be treated as held by that undertaking” (FRS 2 para 15).

The company in which a participating interest is sometimes known as an **associated company**.

*Accounting standard FRS 9*

“An interest held in the shares of another entity on a long-term basis for the purpose of securing a contribution to the investor’s activities by the exercise of **control** or influence arising from or related to that interest. The investor’s interest must, therefore be a beneficial one and the benefits expected to arise must be linked to the exercise of its **significant influence** over the investee’s operating and financial policies. An interest in the shares of another includes an interest convertible into an interest in shares or an option to acquire shares.

“Companies legislation provides that a holding of 20 per cent or more of the shares of an entity is to be presumed to be a participating interest unless the contrary is shown. The presumption is rebutted if the interest is either not long-term or not beneficial.”  
(FRS 9 para 4).

**participating life insurance** Life insurance policy which pays bonuses, in effect dividends from the insurer’s profits, to policy holders. This increases the sum assured.

**participating plan** Any form of investment or (more usually) insurance in which the holder receives bonuses based on the profit of the investee company or insurer.

<b>participating preference share</b>	<b>Preference share</b> where the shareholder receives a share of profits in addition to the fixed dividend.
<b>participation charge or fee</b>	A payment which allows players to take part in a game. It is separate from and additional to the payment for cards. The maximum charges are laid down by the Gaming Act 1968 and the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.
<b>participation condition</b>	Term used for diverted profits tax, whose provisions are set out in Finance Act 2015 from s106.
<b>participation quiz</b>	Another name for a <b>television quiz</b> .
<b>participative budgeting</b>	Budget process which involves consultation with those affected.
<b>participator</b>	<p>For companies, "a person having a share or interest in the capital or income of the company, and, without prejudice to the generality of the preceding words, includes:</p> <ul style="list-style-type: none"><li>(a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;</li><li>(b) any loan creditor of the company;</li><li>(c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company... to loan creditors by way of premium on redemption;</li><li>(d) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied directly or indirectly for his benefit." (Income and Corporation Taxes Act 1988 s417(1)).</li></ul> <p>The definition includes an <b>associate</b> of the participator. [Note that the word "participant" is used in other contexts for someone who participates in something.]</p>
<b>particular criminal conduct</b>	Conduct which relates to offences for which a person has been convicted, of which a person was convicted at the same time as other offences, or which a court took into consideration when passing sentence (Proceeds of Crime Act 2002 s76(3)).
<b>participatory budgeting</b>	Alternative form of <b>participative budgeting</b> , particularly when undertaken by a public body.
<b>particulars delivered stamp</b>	Fixed rate stamp duty to confirm that particulars have been provided to HMRC of a transfer of land where no ad valorem duty is payable.
<b>particulars of claim</b>	Details which support a legal action.
<b>particulate matter (PM)</b>	<p>Fine particles of soot as produced in the exhaust of older vehicles. PM may be reduced by fitting a filter. Diesel engines produce soot particulates.</p> <p>The amount of PM can determine whether a vehicle must pay to enter the <b>Low Emission Zone</b>.</p>

<b>partim</b>	Latin: in part.
<b>partisan</b>	Person or description of a policy that is identifiable with a particular political party or viewpoint.
<b>partition</b>	<p><b>Plant</b></p> <p>In building, a form of sliding screen used to divide up larger rooms for separate uses. These may qualify for a capital allowance as plant and machinery, see <b>partition walls</b>.</p> <p><b>Politics</b></p> <p>In politics, the division of a territory into areas for separate administration, as happened in Ireland.</p>
<b>partition walls</b>	<p>This is listed in Capital Allowances Act 2001 s23 List C as an item that is not affected by the provisions of s21 (buildings) or s22 (structures). This means that its eligibility for capital allowance depends on the nature and purpose of the item.</p> <p>Partitioning designed to make arrangements within a building flexible were held to be plant in the case <i>Jarrold v John Good &amp; Sons Ltd [1963] CA 40 TC 681</i>.</p>
<b>partly paid shares</b>	Shares in which the subscribing shareholders have not paid the full amount. Sometimes a subscription allows for payment in calls. Until the last call is paid, the shares are partly paid. If a shareholder fails to pay a call, the shares are forfeited.
<b>partner</b>	Person with whom one is associated in some way. This may be family, as in a husband or wife; or in business as in a business <b>partnership</b> . Generally a partner, in either sense, is a <b>connected person</b> for tax purposes.
<b>partnered mother</b>	<p>Mother who has a husband or equivalent partner.</p> <p>Under Welfare Reform Act 2011, a partnered mother is expected to seek paid work before being able to claim social security benefits.</p>
<b>partneriaeth atebiolrwydd cyfyngedig</b>	Welsh: limited liability partnership.
<b>partneriaeth cyfyngedig</b>	Welsh: limited partnership.
<b>partner payment notice</b>	<p>Notice issued to a partner to pay tax when a tax avoidance scheme has failed. It is the equivalent of an <b>accelerated payment notice</b>.</p> <p>Such notices are issued under Finance Act 2014 Sch 32.</p> <p>The legal consequences of such a notice were considered in <i>Eamonn Dunne and Vincent Gray v CRC. QBD [2015]</i></p>
<b>partners at the time of the event</b>	In relation to capital allowances on leases, "means the person or persons carrying on the qualifying activity at the time of the event in question"

(Capital Allowances Act 2001 s263(2)).

**partnership**

“The relationship which subsists between persons carrying on a business in common with a view to making a profit” (Partnership Act 1890 s1(1)).

Under English law, a partnership is not a legal person, but is in effect two or more sole traders working together. A partnership is a legal person under Scots law.

For capital gains tax, partners are assessed separately (Taxation of Capital Gains Act 1992 s59).

For VAT, a partnership may register as a body separate from its partners (Value Added Tax Act 1994 s45).

A partnership is sometimes called an ordinary partnership, to distinguish it from a **limited partnership** and a **limited liability partnership**.

A partnership may trade under the surnames of the partners, with or without initials or first names, under the provisions of Companies Act 2006 s1192(3).

**partnership at will**

**Partnership** that has no fixed term for its duration. Any partner may end the partnership simply by giving notice to the other partners (Partnership Act 1890 s26(1)).

**partnership deed**

Document setting out the agreement of the partners on how the partnership is to be conducted (including the arrangements for sharing profits and losses).

**partnership law**

Legislation which governs the conduct of a partnership and which should be used where no partnership deed has been written. The main law is Partnership Act 1890.

**partnership property**

All property, rights and similar interests of a partnership. This includes profits earned by the partnership (Partnership Act 1890 s20(1)).

**partnership return**

Tax return which must be submitted by a partnership under Taxes Management Act 1970 s12AA.

**partnerships involving companies**

Corporation tax provisions are given in Corporation Tax Act 2009 from s380.

Special provisions for certain embedded derivatives are given in Corporation Tax Act 2009 from s619.

**partnership statement**

Document stating amounts of taxable income received by a partnership. Taxes Management Act 1970 s12AB requires such a statement to be sent to HMRC with the **partnership return**.

**part of a business**

Trading entity carved out of a business, such as a division or department of a company.

The part must itself be capable of trading. In other words, a distinction must be made between part of a business and assets of a business. The term was particularly relevant in claiming **retirement relief** (no longer available) for capital gains tax.

<b>parts 2 and 3 of Form P45</b>	<p>“Means —</p> <ul style="list-style-type: none"><li>(a) the Parts 2 and 3 of the Form P45 provided to the employee or claimant (as the case may be) in accordance with regulation 36,</li><li>(b) the Parts 2 and 3 of the Form P45 provided to the claimant in accordance with regulation 159 (cessation of award: Form P45U), or</li><li>(c) the Parts 2 and 3 of the Form P45 provided to the claimant in accordance with regulation 184L (cessation of award: Form P45ESA).”</li></ul> <p>(PAYE regulations SI 2003 No 2682 reg 215).</p>
<b>part shipment</b>	<p>The description for each of the two or more parts of a split export consignment.</p>
<b>part-timer</b>	<p>Someone working less than a full working week. The law requires part-timers to be treated as well as full-timers.</p>
<b>part-unit</b>	<p>Part of a <b>commonhold unit</b>. This is generally not legally possible under Commonhold and Leasehold Reform Act 2002 s21.</p>
<b>part work</b>	<p>Series of publications that builds up into a book. By concession, such works are zero-rated for VAT under Value Added Tax Act 1994 Sch 8 Group 3, as explained in VAT notice 701/10. Amendments to part works are also zero-rated.</p> <p>Where the part work comprises a magazine, it may be separately zero-rated as such.</p>
<b>party</b>	<ul style="list-style-type: none"><li>(1) Person who is involved in a legal arrangement.</li><li>(2) Social gathering. There are income tax implications when provided by a business.</li></ul>
<b>party plan selling</b>	<p>Scheme under which a company appoints distributors who in turn, appoint sub-distributors who act as hosts or hostesses of a party to supply company goods. The sub-distributor makes the sale, and pays the distributor a percentage of the proceeds, keeping the balance as commission. In a case concerning Tupperware parties, the Court of Appeal held that the supplier was the sub-distributor, and not the distributor. The significance of the case is that sub-distributors' sales figures were typically below the VAT registration threshold. (<i>P &amp; R Potter v Customs and Excise</i>. CA [1985] STC 45).</p>
<b>party trays</b>	<p>Tray with food provided for immediate consumption with little if any additional preparation by the customer.</p> <p>For VAT, this is generally regarded as a supply of food and not of catering. A leading case is <i>C&amp;E v Safeway Stores plc</i>. QB [1996] STC 163.</p>
<b>par value</b>	<p>The <b>nominal value</b> of a share. It is usually the price at which the share was first issued. It usually bears little relationship to the market value.</p>
<b>parvenu</b>	<p>Perjorative term for an upstart, someone who has suddenly acquired wealth.</p>
<b>PAS</b>	<ul style="list-style-type: none"><li>(1) <b>Pipeline Adjustment Statement</b>.</li><li>(2) <b>Planning Advisory Service</b></li></ul>



(3) Penalties and Appeals System.

<b>pascal</b>	Unit of pressure.
<b>Pasch</b>	Passover. A Jewish festival celebrated at Easter.
<b>pass book</b>	Book of recorded transactions, traditionally issued by a bank or building society for the customer to keep as a record of the account's running balance.
<b>passed dividend</b>	Non-payment of a dividend by a company, usually because of poor profits. A passed dividend usually leads to a significant reduction in share value.
<b>passenger</b>	<p>For air passenger duty, "in relation to any aircraft, means any person carried on the aircraft other than —</p> <ul style="list-style-type: none"><li>(a) a member of the flight crew</li><li>(b) a cabin attendant; or</li><li>(c) a person who is not carried for <b>reward</b> and who satisfies such other requirements as may be prescribed"<p>(Finance Act 1994 s43(1)).</p></li></ul>
<b>passenger carrying vehicle (PCV)</b>	Vehicle with nine or more passenger seats, such as minibus or bus. Generally such a vehicle may only be driven by someone with a category D or D1 driving licence, though there are some exceptions.
<b>passenger-mile</b>	One mile travelled by one passenger. It is a measure of transport usage. So one passenger travelling six miles, and five other passengers each travelling two miles gives a total of 16 passenger-miles.
<b>Passenger Number Reference (PNR)</b>	<p>Reference code used by airlines in computer booking system as an alternative to paper tickets.</p> <p>Their implication for air passenger duty was considered by the Upper Tier Tribunal in the case <i>Ryanair Ltd [2013] UKUT 0176 (TCC)</i>.</p>
<b>passenger payments</b>	<p>Addition to <b>mileage allowance</b> which may be paid tax-free to an employee who carries a fellow employee in the car or van (Income Tax (Earnings And Pensions) Act 2003 s233).</p> <p>Such an addition is tax-free to a limit that has been 5p since its introduction in 2002. Unlike the mileage allowance, an employee cannot claim tax relief for any non-payment or underpayment by the employer.</p>
<b>passenger transport</b>	<p>Transport in a vehicle available to the public. In general, if the vehicle can carry at least 10 passengers, the transport cost is zero-rated under Value Added Tax Act 1994 Sch 8. This generally means that bus and train fares are exempt but taxi fares are not.</p> <p>The transport must be for the purpose of going somewhere, so fairground rides and ski lifts are not zero-rated. However conducted tours are zero-rated.</p>

<b>passenger transport undertaking</b>	“An undertaking whose business consists wholly or mainly in the carriage of passengers or a subsidiary of such an undertaking” (Income Tax (Earnings And Pensions) Act 2003 s86(3)).
<b>passenger vehicle</b>	This is specifically exempt from capital gains tax under Taxation of Capital Gains Act 1992 s263.
<b>passenger vessel</b>	“Vessel which is carrying or expected to carry at least one passenger” (Gambling Act 2005 s353).
<b>passe-partout</b>	French: pass over all. A master key or similar device which allows a person access anywhere.
<b>passim</b>	Latin: in various places. The term is used to indicate that further material on the subject is found throughout the book.
<b>passing</b>	In contract law, the stage when the ownership of the goods is transferred from the seller to the buyer. The general rule is that the property passes when the parties intended it to pass (Sale of Goods Act 1979 s17).
<b>passing of risk</b>	Point at which the risk in goods passes from trader to customer. For consumer contracts, the law is given in Consumer Rights Act 2015 s29.
<b>passive fund</b>	Collective investment fund that aims to track the index rather than beat it.
<b>passive investor</b>	Person who owns shares or equivalent interest in a business but who plays no part in its management. Such a person is sometimes called a <b>sleeping partner</b> .
<b>passport</b>	Document issued by a government to its citizens asking other countries to admit the citizen to whom it is issued.
<b>passport benefit</b>	Social security benefit to which a claimant is entitled as a consequence of receiving another benefit.
<b>passport loan</b>	Loan made by an overseas corporate lender to a UK borrower under the <b>double taxation treaty passport scheme</b> .
<b>passport online renewal</b>	Ability to renew a passport online, available from 21 March 2017.
<b>password</b>	Secret combination of numbers and letters giving its holder access to a computer file or similar.
<b>past consideration</b>	Benefit which has already been provided to someone. This cannot be the basis of consideration in a new contract.

<b>past owner</b>	Someone who previously owned an asset. A specific definition is given in Capital Allowances Act 2001 s187A(2).
<b>past service costs</b>	Additional pension liability incurred by a pension provider in respect of a particular employee.
<b>past trustees</b>	There is a specific capital gains tax provision in Taxation of Capital Gains Act 1992 s82.
<b>pasturage</b>	Business or feeding or grazing cattle.
<b>pataca</b>	Currency of Macao.
<b>patchboard</b>	Board of many electrical sockets into which connections may be made by inserting a plug at each end of an electrical lead.
<b>patent</b>	<p><i>Definition</i></p> <p>Form of intellectual property relating to the right to market an invention. The inventor deposits details of the invention at the Patents Office, where it is publicly accessible. In return, the inventor has a period of 20 years in which the invention may only be marketed by himself or someone he has licensed.</p> <p>The patent period was 17 years before 1 April 1986.</p> <p>Someone with a current patent receives <b>patent royalty receipts</b>.</p> <p><i>Capital allowance</i></p> <p>There is a special capital allowance for patents. The law is Capital Allowances Act 2001 from s464.</p> <p>From 1 April 1986 this attracts a 25% writing down allowance.</p> <p>Between 1 April 1946 and 31 March 1986, patent capital allowance was the capital cost written off in 17 equal annual instalments.</p> <p><i>Customs seizure</i></p> <p>Customs may seize any imported goods that infringe a patent.</p> <p><i>Expenses</i></p> <p>A company may be able to claim tax relief for expenses connected with patents (Corporation Tax Act 2009 s89).</p> <p><i>Patent box</i></p> <p>From 1 April 2013, companies may, subject to a transitional period, be able to pay an effective rate of corporation tax of 10% on income from exploiting patents under provisions of the <b>patent box</b>.</p> <p>From 1 July 2016, new rules for patent box apply for new entrants.</p>
<b>patentable invention</b>	<p>Invention for which a patent may be granted (Patents Act 1977 s130(1)).</p> <p>Such an invention must be:</p> <ul style="list-style-type: none"><li>• new,</li><li>• involve an inventive step (ie not be obvious), and</li><li>• be capable of industrial application.</li></ul>

<b>patent ambiguity</b>	Word or expression which can clearly be seen on the face of a document to have more than one meaning, as against a <b>latent ambiguity</b> .
<b>patent box</b>	<p>Change to corporation tax from 1 April 2013. Its aim is that profits from exploiting a patent are subject to an effective corporation tax rate of 10%. Patent box may not be used by a sole trader, partnership or any entity other than a company.</p> <p>This provision applies when a company either owns intellectual property rights or owns an exclusive licence to exploit such rights.</p> <p>The scheme is voluntary. A company making losses will usually elect not to join the scheme as loss relief is restricted to 10%.</p> <p>The change is phased in over four years, so the full relief is available only from 1 April 2017.</p> <p>From 1 April 2017, the rules are changed to narrow the definition of a cost sharing agreement for better alignment with the treatment of payments into and from such agreements.</p> <p>Relief is given by calculating corporation tax in the normal way and then subtracting a sum to reduce the tax.</p> <p>There are detailed regulations as to what costs may be used in calculating the patent box. From 1 July 2016, this includes an additional step known as the <b>nexus fraction</b> which restricts the amount for development activity to that undertaken by the company itself.</p> <p>The law is Corporation Tax Act 2010 Part 8 as inserted by Finance Act 2012 ss357A-357GE.</p>
<b>patent box deduction</b>	<p>Fraction that is used to reduce the amount of <b>relevant intellectual property income</b> within the patent box regime so that the effective rate of corporation tax is 10%.</p> <p>For a corporation tax rate of 23%, the deduction is 13/23.</p>
<b>Patent Co-operation Treaty</b>	Treaty signed in Washington on 19 June 1970, where all signatory countries agree to protect the patents granted in any other signatory country. In the UK, this is given effect by Patents Act 1977 s130(1).
<b>patentee</b>	Person to whom a patent is granted.
<b>patent infringing goods</b>	<p>“Any goods that will infringe a patent under UK law or a supplementary protection certificate (SPC) under EC law” (Customs notice 34).</p> <p>Customs may seize such goods.</p>
<b>Patent Office</b>	Official depository of patents. It was established in 1853.
<b>patent royalties</b>	<p>Payments for use of a patent.</p> <p>It is ordinarily an allowable expenses by the payer, and taxable income for the recipient.</p> <p>There is a provision for spreading patent royalty receipts in Income Tax Act 2007 s461.</p>

**pater est quem nuptiae demonstrant**

Latin: he is the father whom marriage indicates.

**paternal**

Pertaining to fatherhood.

**paternity**

In law, acknowledgement of being a father. This gives the father various rights and duties.

The father is assumed to be the husband of the mother unless otherwise stated, this is known as the **presumption of legitimacy**. A man is also regarded as the father if he has agreed for his name to appear on the birth certificate.

If paternity is disputed, a DNA test may be carried out. This can be 100% conclusive in establishing that a man is *not* the father, and 99.9% conclusive in establishing that a man is. This rises to 100% if the mother co-operates.

A court may order a DNA test. This requires a swab from the child under Human Tissue Act 2004. This requires either the assent of the person having care and control of a child under 16, an order of the court, or the agreement of the child when 16 or over.

The court's usual attitude is summarised by Lord Justice Ward in the Court of Appeal in *Re G (Parentage: Blood Sample) [1997]*: "It is essential for the ultimate well-being of this child, both that she knows the truth about who her father is, and that she knows it sooner rather than later."

A paternity test may be requested under Family Law Reform Act 1969 ss20-23.

Paternity rights include:

- **paternity leave** from work
- **paternity pay** during paternity leave
- **parental leave**

**paternity leave**

Absence from work because of fatherhood.

In general, a father is entitled to either one week or two weeks of paternity leave. From 5 April 2015, a father may also take **shared parental leave**.

**paternity pay**

Payment while an employee is on **paternity leave**.

**pater patriae**

Latin: father of his country.

**pathfinder prospectus**

Prospectus published by a company before its flotation. It contains information about the company and the offer, but usually omits details of offer price and expected return. This information is published just before the full prospectus is published. The main purpose of a pathfinder prospectus is to be build interest in the flotation.

**patient**

Person who is staying in a hospital or similar establishment for treatment, investigation or convalescence.

The term is also now used for a person who lacks **mental capacity**.

**29patrial**

Pertaining to one's native land.

<b>patrilineal</b>	Reckoned through the father's ancestry.
<b>patrimony</b>	Inheritance from a father or remoter ancestor, or a church's estate or revenue.
<b>patriotic</b>	For VAT treatment of such bodies, the aim is "to do good work for the benefit of a nation state or for those who have served their country and their dependants" (VAT notice 701/5).
<b>patron</b>	The word has many specific meanings, generally based on the concept of someone who holds a respected position in an organisation without being involved in its management.
<b>patronage</b>	(1) The status of being a <b>patron</b> . (2) Customs of using commercial premises, such as a restaurant.
<b>patronise</b>	In human resources, speak or otherwise engage in behaviour that is designed to belittle a person; act in a condescending manner.
<b>patronymic</b>	In Iceland and Slavic countries, a middle name based on the father's first name. So if Ivan Vaslov has a son Edvard and a daughter Raisa, their names will be Edvard Ivanovich Vaslov and Raisa Ivanova Vaslov.
<b>patsy</b>	Easy victim, sucker, fall-guy, person who is blamed for something when it is either not their fault or they take all the blame for which others are responsible.
<b>pauper</b>	Person with little or no money or assets, particularly in times and places where such a state represented a low social status.
<b>pauper's funeral</b>	Funeral of a person who leave insufficient assets to pay for it and where no-one else accepts responsibility. The funeral is then a simple low-cost affair whose costs are borne by the local authority or other public body. The term is no longer officially used.
<b>pavement</b>	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
<b>Pavlov, Ivan</b>	Russian psychologist (1849-1936) who, among other achievements, famously demonstrated conditioned reflexes — the ability of people and animals to make artificial associations. In his experiment he rang a bell before feeding his dog until the dog would salivate just on hearing the bell.
<b>pawn</b>	(1) Deposit an item of value as security for a loan. (2) Person who is seen as unimportant and therefore expendable by those in a senior position in their machinations. This meaning is derived from the chess piece.

<b>pawnbroker</b>	Person who lends money on the security of goods left. Guidance on the tax implications of pawnbroking may be found in the Inspector's Manual at MLR3C2111.
<b>pawnshop</b>	A retail premises where goods may be <b>pawned</b> .
<b>pawn ticket</b>	Ticket given by a <b>pawnbroker</b> for goods left as security for a loan.
<b>pax vobiscum</b>	Latin: peace be with you.
<b>pay</b>	Provide money for.
<b>pay accountability</b>	Duty of a local authority to account to its residents on pay policy (Localism Act 2011 from s38).
<b>payable at call</b>	Another way of saying payable on demand.
<b>payables</b>	Alternative term (particularly in USA) for creditors.
<b>payback period</b>	The time, usually in years, in which the original investment in a business is recouped.
<b>Pay and File</b>	System for reporting corporation tax used for accounting periods that ended between 1 October 1993 and 30 June 1999, after which it was replaced by self-assessment.
<b>Pay As You Earn (PAYE)</b>	<p><b>Introduction</b></p> <p>System of collecting income tax from employees, administered by the employer. It was introduced in 1944. It is compulsory. An employer who fails to operate the PAYE system when required can be heavily fined and can be obliged to pay the tax lost to HMRC.</p> <p>The second world war saw tax rates rise to the unprecedented rate of 10 shillings in the pound (50%) with reduced allowances. This brought most of the working population within the scope of income tax, most for the first time. The system of paying tax twice a year proved unrealistic as most workers did not save up enough. In 1940, a scheme was introduced allowing tax to be deducted from pay in equal instalments over six months. This also proved unsatisfactory, leading to the introduction of PAYE.</p> <p>The PAYE procedure is also used to collect <b>national insurance</b> and <b>student loan repayments</b>, and to administer the <b>statutory payments</b> such as statutory sick pay.</p> <p>PAYE is designed to collect the exact amount of tax due, unlike the Construction Industry Scheme which collects an approximation.</p> <p>Details of the system are set out in the <b>PAYE regulations</b>.</p> <p><b>Tax codes</b></p> <p>Each employee (which includes office-holders) is allocated a <b>tax code</b>. Most tax codes comprise a number followed by a letter. The number is one tenth of the amount in pounds which an employee is allowed to earn in the tax year</p>

before paying income tax.

The letter is not used in calculating the tax; its purpose is to allow the employer to adjust the tax code when the personal allowances change. So an employee with a tax code of 520L is allowed to earn £5,200 per year before paying income tax. If the government announces that all L codes are to be increased by 10 points, the tax code becomes 530L and the employee is allowed to earn £5,300 before paying tax.

#### *Pay adjustment*

The amount of income tax is calculated by deducting a figure from gross pay now known as the **pay adjustment**. Before K codes were introduced, it was known as **free pay**.

This figure is either taken from a book of tables known as **Table A** provided by HMRC or is calculated automatically by the payroll software. The pay adjustment usually allocates a pro rata amount of the annual tax-free limit, so a weekly paid person with a tax code of 520L pays no tax on the first £100 a week. Tax is calculated on the amount by which the pay exceeds the pay adjustment figure.

#### *Special tax codes*

There are other types of tax code such as **BR, NT, K codes** and **D codes** for which there are special procedures.

<b>pay as you go (PAYG)</b>	Any scheme of payment that is directly related to current obligations.
<b>payback</b>	Process by which income equals and then exceeds expenses necessary to establish the income.
<b>payback period</b>	In management accounting, time needed for income earned to equal the cost of the initial expense incurred to establish the income.
<b>pay bed</b>	Medical treatment for a hospital patient which the patient has paid for, either directly or through an insurance policy, as against a bed funded by the state or a charity.
<b>pay bill</b>	For apprenticeship levy, amount of gross wages and salary paid by an employer in a tax year (Finance Act 2016 s100).
<b>pay-bill</b>	Old term for a schedule of charges that require payment.
<b>pay day</b>	Day on which wages are paid.
<b>payday loan</b>	Loan of a small amount for a short period time, such as to provide funds until the next pay day.
<b>pay day by day (PDBD)</b>	Scheme for paying workers whereby expenses are paid through a separate company from the main employer. Although legal, they create problems in the PAYE scheme.



<b>pay-desk</b>	Box or desk at which a customer pays.
<b>pay dirt</b>	Colloquialism for a potential source of income. The term originally meant earth from which minerals could be extracted.
<b>paydown</b>	State reached when a government, company or other entity is repaying more debt than it is borrowing.
<b>payee</b>	Person to whom a payment is made. For PAYE, “means an employee, agency worker, pensioner or other payee” (PAYE Regulations SI 2003 No 2682 reg 2(1)).
<b>PAYE</b>	(1) <b>Pay As You Earn.</b> (2) Prefix for HMRC’s tax manual on PAYE.
<b>PAYE income</b>	Term defined in Income Tax (Earnings And Pensions) Act 2003 s683(1) to mean income subject to income tax under the <b>Pay As You Earn</b> scheme. PAYE income has three elements: <ul style="list-style-type: none"><li>• employment income;</li><li>• pension income;</li><li>• social security income.</li></ul>
<b>PAYE platform</b>	Idea suggested by the Office of Tax Simplification in July 2018. It would allow non-employee workers to have tax collected under PAYE without the workers losing their self-employed status.
<b>payer</b>	Person who makes a payment. For PAYE, the term “means an employer, agency, pension provider or other payer” (PAYE Regulations SI 2003 No 2682 reg 2(1)).
<b>PAYE records</b>	“Means the following documents and records — (a) all wage sheets, deductions working sheets, documents completed under regulation 46 (Form P46), information provided under regulation 40A(1) (duty of employee to assist with completion of new employee fields in returns under regulations 67B and 67D) and any other documents and records relating to — <ul style="list-style-type: none"><li>(i) the calculation of the PAYE income of the employees,</li><li>(ii) relevant payments to the employees, or</li><li>(iii) the deduction of tax from, or accounting for tax in respect of such payments, and</li></ul> (b) all documents relating to any information which an employer is required to provide to HMRC under regulation 85 (Forms P11D and P9D).” (PAYE regulations SI 2003 No 2682 reg 97(3) as amended)
<b>PAYE refund</b>	Any amount of tax may now be repaid to an employee as a refund. Before 6 April 1996, there was a limit for a first payslip for a new employee. If a refund exceeded this limit, permission was needed from Inland Revenue on a P47 form.

The P47 limit was:

From	P47 limit
6 April 1996	No limit
6 April 1991	£200
6 April 1988	£100
Previously	£50

**PAYE regulations**

Income Tax (Pay As You Earn) Regulations SI 2003 No 2682. These are the main regulations for the **PAYE** scheme.

**PAYE return**

In relation to tax penalties, “means a return for the purposes of PAYE regulations” (Finance Act 2007 Sch 24 para 13(1ZD)).

**payer of fixed**

For interest rate swaps, term referring to a person who pays the fixed interest rate and receives the floating rate from the counterparty.

**PAYE settlement agreement (PSA)**

Arrangement whereby the employer pays tax on the grossed-up value on benefits that are minor, irregular or where apportionment to specific employees is impracticable. They were introduced from 6 April 1996, replacing some informal arrangements known as annual voluntary settlements.

The relevant legislation was originally Income and Corporation Taxes Act 1988 s206A as inserted by Finance Act 1996 s110. It has now been consolidated as Income Tax (Earnings and Pensions) Act 2003 ss703-707.

The regulations for PSAs are given in PAYE regulations SI 2003 No 2682 from reg 105. HMRC has also issued statement of practice SP 5/96.

They were introduced from 6 April 1996, replacing previous informal arrangements known as Annual Voluntary Settlements (AVSs).

The employer is also liable to pay class 1B national insurance on the amount of a PSA.

From 6 April 2018, PSAs last indefinitely until cancelled by the employer or HMRC. Previously they had to be renewed each year.

**PAYE threshold**

Level of earnings at which an employee starts to have income tax deducted under the PAYE scheme.

A full definition is given in PAYE Regulations SI 2003 No 2682 ref 9.

**PAYG**

**Pay as you go.**

**paying agent**

A trader known to HMRC and formally set up on the Customs Handling of Import and Export Freight (CHIEF) system who transmits import or customs warehouse removal declarations to the CHIEF system.

In relation to savings income, the term is defined in Importing of Savings Income Information Regulations SI 2003 No 3297 reg 3).

<b>pay interval</b>	Term sometimes used to mean <b>pay period</b> , with reference to the frequency with which an employee is paid.
<b>pay load</b>	The weight capacity of a boat or other vehicle for goods, as against crew, passengers and equipment. Strictly, the term means such cargo for whose transport a payment has been made.
<b>payment</b>	<p>Transfer of money.</p> <p>For pensions, the term “includes a transfer of assets and any other transfer of money’s worth” (Finance Act 2004 s161(2)).</p> <p>In relation to taking over payment obligation as lessee, the term “includes the provision of any benefit, the assumption of any liability or the transfer of money or money’s worth (and “payable” is to be construed accordingly” (Corporation Tax Act 2010 s894A(5) as inserted by Finance Act 2016 s68).</p>
<b>payment by way of consideration</b>	<p>In relation to taking over payment obligations as lessee, “means any payment made, directly or indirectly, in consequence of or otherwise in connection with, the agreement mentioned in subsection (1)(a) where it is reasonable to assume the agreement would not have been made unless the arrangements included provision for the payment” (Corporation Tax Act 2010 s894(5) as inserted by Finance Act s68).</p>
<b>payment card</b>	Any form of plastic card which may be used in a financial transaction. Main types are <b>cash card</b> , <b>credit card</b> , <b>charge card</b> and <b>debit card</b> .
<b>payment derived from securities</b>	<p>For the purposes of HMRC data-gathering powers, “includes in particular —</p> <ul style="list-style-type: none"><li>(a) an amount (whether of income or capital) that is payable out of or in respect of securities or rights attaching to securities, and</li><li>(b) a payment that is representative of any such amount”</li></ul> <p>(Finance Act 2011 Sch 23 para 14(4)).</p>
<b>payment for group relief</b>	Payment made between companies in a group in respect of loss relief surrendered by one company to the other. Such payment is ignored for tax purposes of both companies under Income and Corporation Taxes Act 1988 s402(6).
<b>payment for loss of office</b>	<p>Payment to a person who gives up an office, such as director, voluntarily or otherwise.</p> <p>The term is widely construed to include compensation payments of all sorts, including of associated companies and payments on retirement, other than pensions.</p> <p>Under Companies Act 2006, such a payment may require the approval of members under Companies Act 2006 s217.</p> <p>For tax, the first £30,000 may be tax-free.</p>

<b>payment holiday</b>	A feature offered by some mortgages that allow the mortgagor to miss payments.
<b>payment in advance</b>	Old term for a <b>prepayment</b> .
<b>payment in due course</b>	"Payment made at or after the maturity of the bill [of exchange] to the holder thereof in good faith and without notice that his title to the bill is defective" (Bills of Exchange Act 1882 s59(1)).
<b>payment in kind</b>	Settling a debt by providing goods or services rather than cash.
<b>payment mechanism</b>	Means by which a payment is arranged. Choices include cash, cheques, credit cards, bank transfers etc.
<b>payment of apprenticeship levy</b>	The term "includes a payment on account of apprenticeship levy" (Finance Act 2016 s107(3)).
<b>payment on account</b>	Payment towards a liability.

#### **Payments of tax**

In tax, self-assessment requires two payments on account for the current year. This is usually using the same figures as the previous year. The first is made on the 31 January *in* the year; the second is made by 31 July immediately after the tax year. If the two payments on account do not clear the tax liability, there is a third payment of the balance on the next 31 January (when the first payment of the following year is also due).

For example, a sole trader prepares accounts to 31 March 2011. He must pay half his estimated tax by 31 January 2011 and the other half by 31 July 2011. The trader will probably not know his tax liability by 31 January 2011 and may not know it by 31 July 2011. So the tax is paid using the figures for the period to 31 March 2010. If the trader knows that this is significantly higher than for the current year, he may apply for these payments on account to be reduced.

If the figures to March 2011 are higher, there is a third payment of the balance paid on 31 January 2012 (when the first payment for the next year is due). If the figures are lower, the trader receives a tax rebate.

Payments on account are not required if the tax is less than £1,000 and at least 80% of the tax due has already been paid (such as from dividends or under PAYE). There are also special provisions for the first and last years of trading.

#### **Remittance basis**

For the remittance basis, the term is given a separate meaning in Income Tax Act 2007 s809UA, as inserted by Finance Act 2013 s21(3).

<b>Payment on Account Scheme</b>	VAT scheme. The largest VAT payers are required to be in the Payments on Account Scheme under Value Added Tax Act 1994 s28. The scheme requires quarterly returns and full payment of the balance owed. In the other two months of each quarter a sum equal to 1/24 of the
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annual VAT is payable.

- payment or benefit** For the purposes of **IR 35** provisions, “anything that, if received by an employee for performing the duties of the employment, would be earnings from the employment” (Income Tax (Earnings And Pensions) Act 2003 s55(2) or 61F(2)).
- payment period** For PAYE, the period for which a payment relates. It is determined according to PAYE Regulations SI 2003 No 2682 reg 25(6).
- payment practice** The practice and performance of a company in paying its creditors, The statutory provision to disclose this is contained in Small Business, Enterprise and Employment Act 2015 s3.
- payment protection insurance (PPI)**  
Insurance sold with unsecured loans to cover monthly payments in the event of sickness, unemployment or similar.  
Such policies were often poor value for money. They led to large claims for compensation. Such compensation is tax-free, but any interest added is taxable income.
- Payment Protection Insurance Additional Fully Reportable Countries (PPIAFRC)**  
A return required by HMRC of interest paid on payment protection insurance (PPI) so that HMRC may meet its international reporting obligations. The countries include all the other EU member states. The first PPIAFRC returns are issued in February 2016 for the 2015/16 tax year, and must be submitted to HMRC by June 2016. Details are given in HMRC Guidance issued on 30 October 2015.
- payments by way of occupational or personal pension**  
For social security and national insurance, the term is defined in Social Security Contributions and Benefits Act 1992 s122(1).
- payments distributor** Person who makes payments to creditors in a **debt arrangement scheme**.
- payments to employer** Payment which an employer requires to be made by an employee. This is generally unlawful under Employment Rights Act 1996 s14.  
This section seeks to counter any avoidance of the provisions against **unauthorised deductions** in s13 by the employer paying money and then demanding it back.
- payment via employer (PVE)** Provision whereby a state benefit is provided to an individual through their employer's payroll.  
Although statutory maternity pay and statutory sick pay come within this scope, the term has only been used for working tax credit which was paid through the payroll between 2003 and 2006.
- payout requirement** American term for the legal condition that a **private foundation** must pay out at least 5% of the fair market value of their assets each year in grants and

administrative expenses.

<b>payment year</b>	For class 3 national insurance, “means the year in which a contribution is paid” (Social Security Contributions and Benefits Act 1992 s13(5)).
<b>payola</b>	Secret payment made to promote a commercial interest, such as payments to radio presenters to promote a commercial product or service.
<b>payout ratio</b>	Proportion of earnings or net profit paid by a company to its shareholders.
<b>pay period</b>	Period for which an employee is normally paid. Typically this is a week or a month, but it can be other periods. The pay period is particularly important for calculating <b>class 1 national insurance</b> .
<b>payphone</b>	Coin-operated telephone. For VAT purposes, this is a supply of a service at a VAT-inclusive price (VAT notice 700). The VAT fraction must be used to calculate the VAT element. For a standard rate of 20%, this means that one sixth of the payphone takings are VAT output tax.
<b>pay policy statement</b>	Statement that a local authority must make each year outlining its policy on pay (Localism Act 2011 s38).
<b>pay ratio</b>	Earnings of the chief executive divided by the average pay of other workers. For accounting periods starting from 1 January 2019, all companies with 250 or more employees must publish this ratio.
<b>pay reference period</b>	Period for which a worker must be paid the <b>national minimum wage (NMW)</b> . The NMW does not have to be paid for every hour worked. It is sufficient that the total pay for the hours worked in a pay reference period is at least the NMW multiplied by the total number of hours. This means that some hours may be worked for less than the NMW, provided that sufficient other hours are worked for more than the NMW. The pay reference period is usually the period covered by the payslip. If pay is earned in one period but paid in another (as sometimes happens with commission), the employer may choose the pay reference period to which it applies, but it may only be credited to one period. If an annual bonus is paid, this is treated as income for the period in which it is received, except that a pro rata element may be treated as received in the one previous pay period.
<b>payroll</b>	The function of paying staff, with related duties, such as paying tax and calculating statutory sick pay.
<b>Payroll Alignment</b>	Another name for <b>Employment Alignment Submission</b> , a one-off PAYE return that larger employers must make before their first submission under <b>real time information</b> .
<b>payroll deduction scheme</b>	<b>Payroll giving</b> scheme run by an employer. An employer may claim tax relief for the expenses of running the

scheme (Corporation Tax Act 2009 s72 or Income Tax (Trading and Other Income) Act 2005 s72).

For a company with an investment business, the tax relief is claimed under Corporation Tax Act 2009 s1236.

### payroll error

Mistake in calculating the amount an employee should receive in his payslip.

If the mistake is an underpayment, this should be corrected promptly. An employee may be willing to wait to the next pay period for a small underpayment to be corrected, but does not have to. Any underpayment comprises an unlawful deduction from wages. It is usually sufficient to make an **advance** equal to the underpayment, and to reclaim this on the corrected next payslip.

If the mistake is an overpayment, the law does not always allow it to be recovered.

If the mistake relates to tax or national insurance, the mistake must be corrected in accordance with those regulations. In general, the mistake must be corrected on the next payslip. The PAYE system usually sorts out any miscalculations of income tax. For an under-deduction of national insurance, the sum may be recovered in the current tax year or the following tax year, but not later. If the mistake cannot be corrected, HMRC must be so advised.

### payroll giving

Method of giving tax relief on donations made from payroll.

The scheme started on 6 April 1987. Before 6 April 2000, there was a maximum limit that any one employee could donate under the scheme:

From	Payroll giving max
<b>2000/01</b>	No limit
<b>1996/97</b>	£1,200
<b>1993/94</b>	£900
<b>1990/91</b>	£600
<b>1989/90</b>	£450
<b>1988/89</b>	£240
<b>1987/88</b>	£120

The employer may deduct the amount determined by the employee and pay it directly to a charity that has agreed to act as an agency. The donation is deducted from gross pay so that tax relief is given at source.

The scheme is wholly voluntary for all parties to it.

From April 2004, smaller employers have been able to apply for a government grant towards the cost of setting up such a scheme.

For three years from 6 April 2000, the government added a 10% incentive bonus to all donations.

### payrolling

Practice of accounting for tax on benefits through the payroll. The value of the benefit is added to gross pay and the same value is subtracted from net pay. This allows the benefit to have tax deducted at the correct rate. It should be noted that most benefits are not subject to class 1 national insurance, and so this adjustment is not made to calculate NI.

Payrolling is not part of the PAYE system though it is known that there

are some arrangements agreed with HMRC that allows it to happen. Suggestions for using payrolling as an alternative to the current **P11D** system have been made frequently.

Where a benefit is payrolled, it must still be included in form P11D (HMRC News 6 April 2011). The employer must notify HMRC *before* submitting the P11D.

From 6 April 2016, payrolling is put on a statutory but voluntary basis. An employer may choose to payroll the benefits of company cars, car fuel allowance, memberships, and private medical insurance. Payrolling may not be used for other benefits, such as beneficial loans.

Benefits have their values added to gross pay for income tax purposes (but not for national insurance). PAYE income tax is calculated for gross pay including benefit value. The same figure for value is then subtracted from net pay. Thus the benefit has been taxed at source. Such a benefit is excluded from the P11D form.

### **Payrolling Benefits in Kind (PBIK)**

A service opened by HMRC on 12 October 2015 under which employers could register to operate **payrolling** of benefits from 6 April 2016.

### **payroll package**

Pay and **benefits in kind** to which an employee is entitled.

### **payroll tax**

Term used for various taxes imposed on employers. It was particularly applied to the **surcharge on employers** as set out in Finance Act 1961 s30, but not implemented. The term can also be applied to **selective employment tax** and to **employer's national insurance**.

### **payroll vote**

Members of a ruling political group who receive additional allowances for holding ministerial or other positions. Such members are expected to vote with the government or other body, or lose their positions and allowances.

### **payslip**

Document detailing the breakdown of an employee's pay. In law, it is known as an **itemised pay statement**. A copy must be given to the employee every time a payment is made, under Employment Rights Act 1996 s8.

### **pay token**

Metal token issued to workers, particularly manual workers, in 19<sup>th</sup> century which could then be redeemed for their wages on pay day.

### **pay to play**

Any situation where a person pays to receive a benefit, such as a wine merchant paying a restaurant to use only its wines.

### **PB**

In relation to unauthorised borrowing by an occupational pension scheme, amount proposed to borrowed in respect of an arrangement. This abbreviation is used in Finance Act 2004 s182(2).

### **PBD**

**Pool betting duty.**

### **PBEC**

**Pacific Basin Economic Council.**



<b>PBF</b>	Planning, budgeting and forecasting.
<b>PBGC</b>	<b>Pension Benefit Guaranty Corporation.</b>
<b>PBIK</b>	<b>Payrolling Benefits in Kind.</b>
<b>PBIT</b>	Profit before interest and tax.
<b>PBL</b>	<b>Parental bereavement leave.</b>
<b>PBR</b>	<b>(1) Pre-Budget Review</b> <b>(2) Plant Breeders' Rights</b>
<b>PC</b>	<b>(1) Personal Computer.</b> <b>(2) Privy Council</b> , including the <b>citation</b> for <b>Law Reports</b> from 1865 to 1874. <b>(3) Pension Credit.</b> <b>(4) Previous credit</b> , in the formula in Corporation Tax Act 2009 s732(3). [This abbreviation has many other meanings, including Police Constable and Politically Correct.]
<b>PCA</b>	Personal current account, at a bank.
<b>PCAOB</b>	Public Company Accounting Oversight Board.
<b>PCB</b>	<b>Pensions Compensation Board.</b>
<b>PCC</b>	<b>(1) Processing under Custom Control</b> for free circulation. This is a system of import duty relief for goods imported or transferred from another customs regime. <b>(2) Police and Crime Commissioner.</b> <b>(3) Parochial church council.</b>
<b>PCDN</b>	<b>Post clearance demand note.</b>
<b>PCLS</b>	<b>Pension commencement lump sum.</b>
<b>PCm</b>	Personal contact. This is the title of an HMRC tax manual.
<b>PCO</b>	Primary Care Organisation, in the National Health Service.
<b>PCP</b>	<b>(1) For determining the rate of capital allowance for plant and machinery</b> , "the number of days in the part of the period falling on or after 6 <sup>th</sup> December 2006" (Finance Act 2007 Sch 5 para 17(7)). <b>(2) In relation to corporation tax surcharge on banks</b> , this abbreviation is defined in Taxation (International and Other Provisions) Act 2010 s371BI(2).
<b>PCPI</b>	<b>Private Company Price Index.</b>
<b>P&amp;CR</b>	Property and Compensation Reports, law reports published from 1950.

<b>PCRT</b>	<b>Professional Conduct in Relation to Taxation~</b>
<b>PCS</b>	Parliamentary Commissioner for Standards.
<b>PCSO</b>	Police Community Support Officer
<b>PCT</b>	<b>Primary Care Trust</b> , in the National Health Service.
<b>PCU</b>	Professional court user.
<b>PD</b>	(1) Personnel development. (2) Probate Division law reports published from 1875 to 1890. (3) Prospectus Directive.
<b>P&amp;D</b>	Probate and Family, a series of <b>law reports</b> published from 1850.
<b>PDA</b>	<b>(1) Personal Digital Assistant.</b> A small, portable, battery-powered computer. Most have a pen interface and come with a detachable stylus rather than a mouse. (2) Probate, Divorce and Admiralty. This is the former name of what is now the Family Division of the High Court.
<b>PDBD</b>	<b>Pay day by day.</b>
<b>PDDD</b>	<b>Publishing Details of Deliberate Defaulters.</b>
<b>PDMR</b>	Person discharging managerial responsibilities.
<b>PDP</b>	Professional Development Portfolio
<b>PDR</b>	(1) Personal Development Review (2) Personnel development record (in armed forces).
<b>PE</b>	<b>(1) Permanent establishment.</b> <b>(2) Partial exemption</b> , for VAT.
<b>P/E</b>	Price/Earnings Ratio. It is calculated by dividing the market price of a company's ordinary shares by its <b>earnings per share</b> figure. The ratio reflects the market's expectation of the future earnings of a company in relation to its current earnings; in other words, its performance potential.
<b>PEACE</b>	Investigative interviewing training. It stands for Prepare and Plan, Engage, Account, Challenge, Explain.
<b>peaceful picketing</b>	The lawful act of protesting at or near a person's place of work. It is regulated by Trade Union and Labour Relations (Consolidation) Act 1992 s220.
<b>PEACH</b>	System for Electronic Application of Certificates. The system is operated by the Rural Payments Agency in respect of

imported plants and plant products.

**peag** North American Indian shell money.

**peak** In investment technical analysis, the point at which the selling pressure of a share or security starts to dominate buying pressure, leading to a halt in the price rise.

**peak oil** Term used in the **Hirsch Report** to describe the point when the maximum extraction rate of petroleum has been reached, after which production can only decline.  
The report was based on **Hubbert peak theory** first developed in 1956. Hirsch concluded that peak oil will happen in 2020. This will trigger a crisis in the late 21<sup>st</sup> century unless alternative fuels are developed. The date has been repeatedly put back as further oil sources are found.

**peanuts** Colloquial term for low payment, such as of wages. This expression "if you pay peanuts, you only get monkeys" means that you will get only poor workers if you pay low wages.

**pearl** Gem formed by a secretion from an oyster or similar shellfish.

**Peasants' Revolt** Uprising of 1381 against the poll tax.

**peat** Organic material extracted from a bog which may be burned as fuel when dried.  
For VAT, peat may be reduced rated under Value Added Tax Act 1994 Sch 7A Group 1 when supplied for domestic use. Further details are given in VAT notice 701/19.

**pec** Old slang term for money.

**peck** Unit of dry measure equal to two gallons or a quarter of a bushel.

**peculation** Dishonest appropriation of someone else's property for your own use.

**pecuniary** Pertaining to money.  
The term comes from pecus, the Latin for cattle or sheep, as these were an ancient means of barter.

**pecuniary legacy** Legacy of cash, as opposed to a particular item.

**pecuniary liability principle** Tax principle that creates a taxable benefit in kind when an employer pays a personal bill for the employee, such as paying an electricity bill or credit card balance.  
The employee has a pecuniary liability to pay the bill which the employer has discharged. This brings it within the scope of **money's worth** as set out in Income Tax (Earnings And Pensions) Act 2003 s62(3)(a). The principle is further explained in the inspectors' manual at EIM 00580-5.

<b>PED</b>	<b>PIN entry device.</b>
<b>pedlar</b>	<p>Itinerant vendor of household goods.</p> <p>Such a person must be at least 17 years old, of good character and have a pedlar's licence issued by the police under Pedlars Acts 1871 and 1881. In 2015, the government decided not to repeal these Acts.</p>
<b>Peel, Robert</b>	<p>English Conservative politician (1788-1850) who was Chancellor of the Exchequer from 2 December 1834 to 8 April 1835, and was prime minister for two periods between 1834 and 1846. As home secretary (1822-1827), he created the police force which was briefly known as "peelers".</p>
<b>peer</b>	<p>Member of the House of Lords.</p>
<b>peer to peer (P2P)</b>	<p>Lending between individuals rather than between an individual and a financial institution. P2P lending platforms are regulated by the Financial Conduct Authority under Financial Services and Markets Act 2000 Part 4A.</p> <p>Losses from P2P lending may be offset only against P2P profits, under the provisions of Income Tax Act 2007 Part 8 Chapter 1A inserted by Finance Act 2016 s32. Guidance is given in the Inspector's Manual at SAIM 12010.</p> <p>The definition of a peer-to-peer loan is given in Income Tax Act 2007 s412I.</p> <p>Provisions relating to income tax on interest is given in Income Tax Act 2007 s888E as inserted by Finance Act 2017 Sch 5 para 3.</p>
<b>PEFF</b>	<b>Property-embedded fixtures and fittings.</b>
<b>peg</b>	<p>In pricing, means to fix or maintain.</p>
<b>pegging</b>	<p>Act of keeping a price fixed, particularly a share price, index or currency exchange rate.</p>
<b>peine forte et dure</b>	<p>French: punishment intense and severe.</p> <p>Old practice of squashing a prisoner under weights until he confessed or died. It was abolished in 1772.</p>
<b>pelf</b>	<p>Old slang term for money, particularly ill-gotten money.</p>
<b>Pemsel guidelines</b>	<p>Guidelines on <b>charitable purpose</b>, as set out in the case <i>Commissioners of Income Tax v Pemsel [1891]</i>. From 2008, these guidelines have been replaced by statutory requirements of Charities Act 2006.</p>
<b>PEN</b>	<b>ISO code</b> for Peruvian nuevo sol.
<b>Penalties Consistency Panel</b>	<p>Part of HMRC to which other officers may refer cases for guidance on what penalty should be imposed.</p> <p>It is referred to in the Inspector's Manual at SAOG 19200, for example.</p>

<b>penalty</b>	<p>Charge incurred as a consequence of doing something wrong.</p> <p>For tax allowability, a penalty intended as a punishment is not tax-deductible. A penalty that has the nature of compensation is generally allowable. This general principle was established in <i>McKnight v Sheppard [1999] 71TC419</i> and is discussed in the Inspectors' Manual at BIM38500.</p>
<b>penalty charges</b>	<p>Charges imposed by HMRC or similar body in respect of non-compliance with a law. Such penalties are generally not themselves tax-deductible (Income Tax (Trading And Other Income) Act 2005s54).</p> <p>The law on penalties for failure to make a return is given in Finance Act 2009 s106 and Sch 55.</p> <p>The law on penalties for failure to pay tax is given in Finance Act 2009 s107.</p>
<b>penalty determination</b>	<p>Amount HMRC calculates a taxpayer owes by way of penalty for non-compliance with tax law.</p>
<b>penalty envelope</b>	<p>In USA, envelope franked for government official use.</p> <p>There is a penalty for their misuse.</p>
<b>penalty points</b>	<p><b>Points</b> with which a driving licence may be endorsed. If a person collects 12 points within a three-year period, they are banned from driving under the <b>totting-up procedure</b>.</p>
<b>penalty proceedings</b>	<p>Legal proceedings brought by HMRC against a taxpayer against whom it wishes to impose a penalty. See Taxes Management Act 1970 ss100C-100D.</p>
<b>penance</b>	<p>Act of mortification for a sin which is either undertaken voluntarily or directed by a priest.</p>
<b>pence</b>	<p>Plural of <b>penny</b> when referring to the amount rather than the coin.</p>
<b>pencil</b>	<p>Writing implement using graphite as the writing medium. The writing can easily be erased which is why it is considered unsuitable for recording financial transactions or creating written evidence.</p>
<b>pencil sharpener</b>	<p>Any device designed to produce a point on a pencil by rotating the graphite against a blade or blades.</p>
<b>pendente lite</b>	<p>Latin: when litigation is pending.</p> <p>This refers to the period when a legal action has started but the matter has not been concluded.</p>
<b>pending land action</b>	<p>"Means any action or proceeding pending in court relating to land or any interest in or charge on land" (Land Charges Act 1972 s17(1)).</p>
<b>pendulum</b>	<p>The term is widely used to indicate the process whereby an extreme position is currently held as a reaction to an opposite extreme position previously held.</p>

<b>pendulum arbitration</b>	<p>Form of <b>arbitration</b> in which the arbitrator must choose one of the alternatives suggested by the parties.</p> <p>Pendulum arbitration seeks to encourage reasonable demands and discourage the practice of making unreasonable demands to get a good settlement if the arbitrator splits the difference. For example, if a trade union seeks £16 an hour and the employer offers £11 an hour and the arbitrator decides that £13 an hour is a reasonable figure, the arbitrator must choose the employer's offer of £11 as that is the close choice. Had the trade union sought £14 an hour, the trade union would have been successful.</p>
<b>penetration pricing</b>	<p>Marketing technique of setting a low price to gain market share. It is similar to <b>lowballing</b>.</p>
<b>pennant</b>	<p>Flag used as a signal on a ship.</p>
<b>PENNOT</b>	<p>Common name for tax form notifying HMRC that an employee is now receiving a pension. From 6 April 2009, it is replaced by form P46(pen).</p>
<b>penny</b>	<p>Unit of currency in Britain from around 775 AD. The plural of the unit of currency is "pence"; the plural of the coin is "pennies".</p> <p>Until <b>decimal currency</b> was introduced in 1971, there were 12 pence to a shilling, and 20 shillings to the pound, so there were 240 pence to a pound. These pence are now called "old pence". The penny was divided into the halfpenny and a <b>farthing</b> (quarter of a penny), with further divisions of the farthing.</p> <p>A new penny is worth 2.4p old pennies. An old penny was worth 0.4167 or 5/12 of a new penny.</p> <p>Under decimal currency, there are 100 "new pence" to the pound. The word "new" was dropped in 1982. These pence are indicated by the letter p after the number, as in 10p. Old pence were indicated by the letter d, an abbreviation of denarius.</p> <p>The term is also used to mean a small sum in any currency.</p>
<b>penny arcade</b>	<p>Public area containing coin-operated amusement machines.</p>
<b>penny black</b>	<p>The first postage stamps, issued in Britain in 1840.</p>
<b>penny-farthing</b>	<p>Either an amount of 1¼d (0.52p) or an old bicycle with one large wheel and one small wheel.</p>
<b>penny-fee</b>	<p>Old term for wages paid in cash.</p>
<b>penny-pinching</b>	<p>Miserly, too concerned with saving small amounts of money.</p>
<b>penny post</b>	<p>Various forms of postal service where letters and packages were carried for one (old) penny. The penny post ended on 3 June 1918 when the lowest charge rose to 1½d.</p>

- penny shares** Shares that trade for small amounts, typically less than £1 or \$1. A small increase or decrease in price can lead to large gains or losses.
- penny wedding** A Scottish practice in the 18<sup>th</sup> century where all guests contributed a sum so that poor people could celebrate a wedding. In 1715 the Kirk Session of Morton in Dumfriesshire introduced fines for contributors on the grounds that they were promoting promiscuity by facilitating dances between the sexes.
- pennyweight** **Imperial measure** of weight still sometimes used for jewels and precious metals. There are 20 pennyweight to a **troy ounce**. There are 24 grains in a pennyweight.  
A pennyweight is about 1.5552 grams.

**pension**

*Definition*

Regular payment in retirement, usually funded by contributions during a person's working life. The term originally meant something weighed out.

For PAYE, "means a pension, annuity or other payments of PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

HMRC provides guidance in helpsheets HS345 to HS347.

*Types of pension*

There are broadly three ways to arrange a pension:

- government schemes which provide the **state retirement pension** and may provide **additional pension**, paid by **national insurance**;
- **occupational pension schemes** arranged by the person's employer. This will be either a **defined benefit scheme** or **defined contribution scheme**; or
- **private pension** which a person arranges directly with a **pension provider**.

A person may receive pensions from different sources. From 6 April 2006, there are no restrictions on how many pensions a person may have or of what type. Although the pension is triggered on "retirement", the person does not have to stop working to receive a pension. So a person can receive a pension and a salary at the same time. A person can also choose different "retirement" ages for different private pensions.

*Tax relief*

Contributions to a pension scheme usually attract relief for income tax (Income Tax (Earnings And Pensions) Act 2003 from s307), but not for national insurance. So if an employee earns £2,000 a month and pays £100 into an occupational pension scheme, the employee will pay income tax on £1,900 but class 1 national insurance on £2,000.

Payments of pension are subject to income tax but not national insurance, even if the person is still young enough to be liable for national insurance. A **pension lump sum** is tax-free.

*History*

The first known pensions were provided in the Royal Navy in 1670. The first known **occupational pension scheme** was introduced by Charles III of Spain.

In the UK, state retirement pensions were first paid on 1 January 1909 at a rate between two and five shillings to anyone aged 70 or over. These were means-tested. Universal state retirement pension was introduced in 1946.

Tax relief for occupational pension schemes was introduced in Finance Act 1921. Upper limits were imposed in Finance Act 1947.  
[Pension is also the French word for board and lodging.]

- pensionable** Entitled to a pension; description of earnings or other amount on which a pension entitlement is calculated.
- pensionable age** The age at which a person becomes entitled to receive the **state retirement pension** and also ceases to be liable to pay national insurance. The legal definition is set out in Pension Schemes Act 1993 s181.  
A person of this age is not entitled to the daily living component or mobility component of a **personal independence payment** (Welfare Reform Act 2012 s83).
- pensionable earnings** The earnings on which benefits and contributions for a pension scheme are calculated.  
For public pensions, the term is defined in Superannuation Act 2010 s3(7).
- pensionable service** Period of service with an employer that is used in calculating pension benefits from an occupational pension scheme.
- pension advice** See **pensions advice**.
- Pension Benefit Guaranty Corporation (PBGC)**  
American federal corporation set up in 1974 to protect benefits to pension members in underfunded pension schemes. |
- pension benefits** General term for the benefits of belonging to a pension scheme. Such benefits typically comprise any of the following:
  - annuity payments from an age, usually either predetermined or chosen at the time from within a range
  - a lump sum payment
  - life insurance cover
  - equivalent benefits to a surviving spouse and dependent children.For the purposes of staffing costs for research and development expenditure, the term is defined in Corporation Tax Act 2009 s1123(9).
- pension business** In relation to taxation of life assurance business, "means so much of a company's life assurance as is referable to contracts entered into for the purposes of a registered pension scheme or is the reinsurance of such business" (Income and Corporation Taxes Act 1988 s431B(1)).
- pension commencement lump sum (PCLS)**  
A lump sum from one pension fund which is paid into another.  
This is possible for a person aged between 55 and 75. If the lump sum is large, tax relief may be restricted on the second pension fund as explained in



**recycled pension.**

For tax, it means a lump sum benefit paid to a member of a registered pension scheme (who is aged under 75) in connection with an arising entitlement to a pension benefit (other than a short-term annuity contract), and which meets the conditions detailed in paragraphs 1 to 3 of Schedule 29 to the Finance Act 2004.

From 6 April 2015, a person may take as much as he or she likes from a defined benefit pension scheme, but only the amount up to 25% of the fund is tax-free.

**pension credit**

*Social security*

Common abbreviation of **state pension credit**, a means-tested social security benefit for pensioners on low income, introduced in 2003.

It has two elements:

- a guarantee credit to ensure that a pensioner receives a minimum level of income,
- a savings credit that rewards a pensioner who has made savings.

This is being phased out from April 2016.

The main points are:

- it may be claimed by men and women at the state retirement age for women (or 65 for savings credit)
- it is non-contributory, which means that a claimant need not have paid any national insurance
- it may be claimed by a person in work or out of work
- the claimant must have no income or a low income
- it is claimed by individuals. Only one partner may claim.

Pension credit is not taxable.

Entitlement to the guarantee credit automatically entitles the claimant to maximum housing benefit, for which purpose the capital limit does not apply.

Pension credit is not subject to the benefit cap.

The law is State Pension Credit Act 2002 and State Pension Credit Regulations SI 2002 No 1792.

*Pension-splitting*

Term introduced by Welfare Reform and Pensions Act 1999. (WRPA) in relation to **pension-splitting** on divorce.

The pension credit is the amount by which the ex-spouse's or former civil partner's pension rights are increased. Section 29 WRPA determines the value of the pension credit to be transferred to the ex-spouse or former civil partner.

**pension credit age**

Age at which someone may claim pension credit. The age is the same as the **state retirement age**.

**pension credit member**

Member of an **occupational pension scheme** who has benefits arising from pension credits but who is not an **active member**, such as when an entitlement has been transferred from another scheme.

<b>pension credit member</b>	An individual who has rights in a pension scheme which are directly or indirectly attributable to pension credits.
<b>pension death benefit rules</b>	Rules that regulate the tax-free maximum that may be paid by a pension fund to a member on his or her death. The rules are set out in Finance Act 2004 s167.
<b>pension debit</b>	Amount by which a person's pension entitlement is reduced by <b>pension-splitting</b> on divorce under Welfare Reform and Pensions Act 1999 (WRPA) s29.
<b>pensioner</b>	Person in receipt of a pension. For PAYE, the term "means a person receiving PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).
<b>pensioner member</b>	Member of an <b>occupational pension scheme</b> who is receiving a pension from the scheme.
<b>pensioner's Christmas bonus</b>	Benefit payable to someone receiving a <b>state retirement pension</b> in the week beginning on the first Monday in December. It is payable under Social Security Contributions and Benefits Act 1992 s148. The amount has been £10 since its introduction in 1971. This benefit is not subject to income tax (Income Tax (Earnings And Pensions) Act 2003 s677).
<b>pension forecast</b>	Written forecast of expected pension income under a current plan. It includes a forecast from the state of expected state pension payments. The income is expressed at current values and on stated assumptions.
<b>pension fund</b>	Fund established by an employer, company, trade union or other body to collect and invest funds, paid by one or both of the employer and employee. Pension funds are major investors in shares. In relation to staffing costs for research and development expenditure, the term is defined in Corporation Tax Act 2009 s1123(8).
<b>pension guarantee</b>	Period for which it is guaranteed that a pension will be paid. All pension schemes work on the basis that those who die young subsidise those who die old. Schemes may assume that all men who retire at 65 will live for about another 20 years. If one man dies at 75, he will only have received his pension for 10 years so the pension provider makes a saving. This is used to help pay for the pension of another man who dies at 95 and who therefore receives his pension for 30 years, ten more than expected. As people die at every age, it is possible for a person to die soon after retirement and thus receive very little benefit for a considerable investment. To deal with this, someone at retirement may choose to have a pension guarantee which means that the pension will be paid for a minimum period even if the person dies during that period. This payment is made to the member's dependants. The pension guarantee is usually for five years. Before 6 April 2015, the legal limit was ten years, but it can now be of any length.

Choosing a pension guarantee reduces the amount of pension payable but usually by a very small amount. For example, using recent annuity rates, a 65-year old man retiring with a pension fund of £100,000 would receive a monthly **level pension** of £615 without a pension guarantee, £611 with a five-year guarantee or £565 with a ten-year guarantee.

**pension income**

This is generally subject to income tax on a similar basis to earnings.

The tax law is largely found in Income Tax (Earnings And Pensions) Act 2003 from s565.

**pension input amount**

Amounts as arrived in accordance with sections 230 to 237 of Finance Act 2004.

**pension input period (PIP)**

Period in relation to contributions to a pension.

The period begins with the relevant commencement date and ends with the earlier of a nominated date and the anniversary of the relevant commencement date. Each subsequent period begins immediately after the end of a period which is a pension input period (under either this or the earlier paragraph) and ends with the appropriate date.

The term is defined in Finance Act 2004 s280(2) as amended by Finance (No 2) Act 2015 Sch 4 para 5.

**pension liberation**

Taking money out of a pension fund to convert the *whole* amount into ready cash.

There is no lawful way of doing this in the UK, despite some companies claiming to have found a "loophole". The system typically involves the company paying about 75% of the fund, leaving no funds for any pension in retirement. The whole of this is subject to income tax.

There are provisions about pension liberation in Pensions Act 2004 s18.

**pension lump sum**

**Definition**

A single payment which a person may receive from their **private pension** or **occupational pension** at retirement.

**Maximum amount**

The legal maximum is one quarter of the fund. This is tax-free. Drawing a lump sum reduces the pension payable by the same ratio. For example, a man retiring at 65 with a pension fund of £100,000 may, at recent annuity rates, receive a **level pension** of £616 a month. If he took £25,000 as a pension lump sum at 65, the remaining £75,000 would provide a monthly annuity of 75% of £616, which is £462.

**Trivial pension**

If a pension is small, it may be possible to take the whole pension fund as a lump sum. From 6 April 2006, if *all* pension funds held by an individual do not exceed £15,000, they may be paid as a lump sum without any need to buy an annuity at all. In such a case 25% of the lump sum is tax-free and the balance is subject to income tax. The person must be aged between 60 and 75, and all pension funds must be taken as a lump sum within a 12-month period.

Previously the whole of a pension fund could only be taken as a lump sum if it was a **trivial pension** which usually meant that the value of the fund was less than £250.

#### **Practice**

It is usually cost-effective to draw the pension lump sum even if just to re-invest. In the example above, re-investing the lump sum would be cost-effective provided the rate was at least 6.16%. In practice most decisions about whether to take the lump sum depend on the pensioner's personal circumstances such as whether they want the money to pay off their mortgage or have a retirement holiday.

A lump sum may be used to start a new pension plan if the member is between the ages of 55 and 75. This is known as a **recycled pension**. Tax relief may be restricted in such circumstances.

There is also a **short-service refund lump sum** when someone leaves an occupational pension scheme after a short employment.

#### **pension off**

Oblige someone to retire; get rid of someone.

#### **pension payer**

For PAYE, "means a person making payments of PAYE pension income" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

Regulation 11 explains how such a payer should operate the PAYE regulations.

#### **Pension Protection Fund (PPF)**

Body corporate which operates a compensation scheme for members of occupational pension schemes. It is constituted under Pensions Act 2004 s107.

#### **pension protection levy**

Levy made under Pensions Act 2004 s175. It is of two types: a **risk-based pension protection levy** and **scheme-based pension protection levy**.

#### **pension protection lump sum death benefit**

A lump sum benefit paid following the death of a scheme member of a registered pension scheme, who died before age 75 and was in receipt of a scheme pension under a defined benefits arrangement and which does not exceed the limits imposed through paragraph 14 of Schedule 29 to the Finance Act 2004.

#### **pension provider**

Person who pays a pension. Under the **option market option (OMO)** this need not be the same company under which the pension fund was built up.

#### **Pension Research Project**

Project started by the Office of Tax Simplification which issued a final report in January 2013. Its recommendations included replacing the savings rate of income tax, blind person's allowance and married couple's allowance for people born before 6 April 1935. The first of these was implemented from 6 April 2015.

#### **pensions advice allowance**

Tax allowance introduced from 6 April 2017.

It allows a pension scheme member to draw up to £500 from their pension fund for advice without this triggering a tax liability.

The member may use the allowance once a tax year and for no more than three times during the life of the pension. The payment must be for regulated financial advice.

This allowance is additional to a similar allowance for pensions advice provided by an employer.

The legislation is Income Tax (Earnings and Pensions) Act 2003 s308C inserted by Finance (No 2) Act 2017 s3.

**Pensions Advisory Service**

Body established to provide advice to members of occupational pension schemes.

**pension scam**

“The marketing of products and arrangements and successful and unsuccessful attempts by a party (‘the scammer’) to:

- release funds from an HMRC registered pension scheme, often resulting in a tax charge that is not anticipated [sic] by the member
- persuade individuals over the normal minimum pension age to flexibly access their pension savings in order to invest in inappropriate investments
- persuade individuals to transfer their pension savings in order to invest in inappropriate investments where the scammer has misled the individual about the nature of, or risks attached to, the purported investment(s), or their appropriateness for that individual investor” (The Pensions Regulator).

**pension scheme**

A means by which an individual can make pension provision. This may be either collective or individual and with or without the involvement (by means of contributions or otherwise) from the individual’s employer.

HMRC defines a pension scheme as a scheme “set up to provide benefits for/in respect of any of the following circumstances

- retirement,
- death,
- attaining a particular age,
- serious ill-health or incapacity, or
- in similar circumstances.”

(Inspectors’ Manual at RPSM02200020). This mirrors the wording of Finance Act 2004 s150.

Such a scheme may be registered or unregistered. A **registered pension scheme** attracts particular tax advantages.

**pension scheme indemnity provision**

Provision which indemnifies trustees of an occupational pension scheme from certain types of legal action.

Under Companies Act 2006 s235, such an indemnity for a company director is one of the exceptions to the general rule that a company cannot indemnify its directors for their misconduct.

The existence of such a provision must be disclosed in the directors’ report (ibid s236), and a copy must be made available for inspection (ibid s237).

<b>pension scheme member</b>	<p>Someone who has rights under a pension scheme, particularly an <b>occupational pension scheme</b>.</p> <p>There are four types of member:</p> <ul style="list-style-type: none"><li>• <b>active member</b>: someone who is accruing benefits under the scheme (usually a current employee);</li><li>• <b>deferred member</b>: someone who is no longer accruing benefits (usually a former employee) though benefits already accrued may continue to grow by being indexed;</li><li>• <b>pension credit member</b>: someone who has rights under the scheme from pension credits (usually someone who has transferred from another pension scheme but who is not an active member); and</li><li>• <b>pensioner member</b>: someone who is receiving a regular pension (usually a retired employee).</li></ul> <p>Only an active member is entitled to tax relief on contributions to the pension fund, though this point is largely academic as only active members would be contributing anyway.</p>
<b>pension scheme nomination</b>	<p>When a member of a <b>pension scheme</b> states to whom he wishes any benefit from the scheme to pass on his death.</p> <p>Such a nomination is not usually governed by the person's <b>will</b> as the right to the pension scheme are vested in its trustees and do not belong to the member. The exact legal position depends on how the pension scheme rules are drafted.</p>
<b>Pension Schemes Office (PSO)</b>	<p>A division of the HMRC which oversees the approval of pension schemes for tax relief purposes.</p>
<b>Pension Schemes Registry</b>	<p>UK register of occupational pension schemes. It is administered by the Pensions Regulator.</p>
<b>Pensions Compensation Board (PCB)</b>	<p>Body established in 1997 and funded by a levy on occupational pension schemes. It pays compensation to members of schemes which have insufficient funds to meet their liabilities.</p>
<b>pension share</b>	<p>Part of a former spouse's or civil partner's pension that has been assigned to the other partner on divorce or end of civil partner.</p>
<b>pension sharing</b>	<p>Arrangement whereby a person's pension entitlement may be part-apportioned to a former partner in a dissolution of marriage or civil partnership. It is also known as <b>pension splitting</b></p>
<b>pension sharing order</b>	<p>An order or provision made as listed in section 28(1) of the Welfare Reform and Pensions Act 1999 (or the Welfare Reform and Pensions (Northern Ireland) Order 1999 (SI 1999/3147)) following a divorce or the dissolution of a civil partnership.</p>
<b>Pensions Compensation Board</b>	<p>Body dissolved by Pensions Act 2004 s302 and replaced by the <b>Pension</b></p>

### **Protection Fund.**

**Pensions (Increase) Acts** “The Pensions (Increase) Act 1971 and any Act passed after that date for the purposes corresponding to the purposes of that Act” (Income Tax (Earnings And Pensions) Act 2003 s651(4)).

### **Pensions (India, Pakistan and Burma) Act**

Act passed in 1955 that may provide a pension to those who worked there.

Payments paid under this Act may be free of income tax under Income Tax (Earnings And Pensions) Act 2003 s654.

### **pensions interest cost and expected return on assets**

The net interest cost is the increase in the value of the pension scheme liabilities that arise because those liabilities are one year closer to being paid. The expected return on assets is the forecast of accrued benefit from investments of the pension fund in the long-term.

### **pensions matter**

In relation to HMRC information powers, “means any matter relating to —  
(a) a registered pension scheme,  
(b) an annuity purchased with sums or assets held for the purposes of a registered pension scheme or a pre-2006 pension scheme,  
(c) a QROPS or former QROPS, or  
(d) an annuity purchased with sums or assets held for the purposes of a QROPS or former QROPS” (Finance Act 2008 Sch 36 para 34B(2)).

### **Pensions Ombudsman**

Official in UK who investigates complaints about occupational and personal pension schemes.

### **Pensions Regulator**

Body corporate established under Pensions Act 2004 s1 with effect from 6 April 2005.

### **Pensions Regulator Tribunal**

Tribunal established under Pensions Act 2004 s102 to deal with disputes between pension funds and the **Pensions Regulator**.

### **pension scheme managers**

The term “managers” in relation to pension schemes is defined as “the persons responsible for the management of the scheme” (Pensions Act 2004 s318).

### **pension splitting**

Arrangement whereby a person’s pension entitlement may be split on **divorce** under Welfare Reform and Pensions Act 1999 with effect from 1 December 2000.

### **pensions right**

Term defined in Pensions Act 2014 s34(3).

### **pensions transfer**

Term defined in Pensions Act 2014 s34(2).

### **pension surplus**

Amount by which a pension fund has more funds than it needs to meet its liabilities as calculated by an actuary.

<b>pension tax relief</b>	<p>Tax relief provided on contributions to pension funds.</p> <p>HM Treasury glossary explains “the Government provides tax relief on individual and employer contributions to registered pension schemes, up to specified limits. Investment growth within registered pension schemes is exempt from income and capital gains tax”.</p> <p>It should be noted that there is no relief for any class of national insurance. So an employee earning £2000 a month and paying £100 into an occupational pension scheme pays income tax on £1900 but class 1 national insurance on £2000.</p>
<b>pension tax relief at source (PTRAS)</b>	<p>Tax provision whereby contributions to occupational pension schemes are deducted from gross pay rather than net pay, so that income tax relief is given immediately.</p> <p>There is no relief for national insurance. So an employee who earns £2,000 a month and pays £100 into an occupational pension scheme will pay tax on £1,900 but national insurance on £2,000.</p>
<b>pension term assurance</b>	<p>Assurance policy structured so that its premiums qualified for pension tax relief until the law was changed in 2001. As a consequence, these policies are not now generally offered.</p>
<b>Pension Tracing Service</b>	<p>Government scheme to help people find details of old pension schemes.</p>
<b>pension unlocking</b>	<p>Term sometimes used to mean the lump sum which a person aged between 55 and 75 can obtain from their pension fund. This is sometimes advertised as a special procedure, when the member can easily arrange it for himself.</p>
<b>Pension Wise</b>	<p>A free and impartial service for individuals wishing to exercise their rights to access their pension funds under provisions introduced from 6 April 2015.</p>
<b>pension year</b>	<p>The period the maximum unsecured pension and alternatively secured pension limits apply to (and the dependant equivalents). In the legislation these are referred to as ‘unsecured pension years’ and ‘alternatively secured pension years’. These periods run in consecutive 12-month periods from the point initial entitlement to such pensions actual arise under a money purchase arrangement. These periods are set at the point that initial entitlement arise, and cannot be changed from that point onwards (although the pension year the member or dependant dies or reaches age 75 will be deemed to end immediately before such an occurrence – these truncated 12-month periods are treated as a whole 12-month period for limit purposes).</p>
<b>Pentecost</b>	<p>Christian festival seven weeks after Easter that commemorates the coming of the Holy Spirit. The festival is also called Whitsun. The following day was once a bank holiday called <b>Whit Monday</b>.</p>
<b>penteric</b>	<p>Occurring once every four years, or five years under an old counting system.</p>
<b>penultimate</b>	<p>Last but one.</p>



**penultimate chargeable period**

“Means the chargeable period preceding the final chargeable period” (Capital Allowances Act 2001 s104F(10)).

**penury**

Great poverty.

**People's Budget**

Controversial Budget delivered by Lloyd George in 1909 which led to a constitutional crisis.

He sought to raise income tax (to 5% on higher incomes), introduce **surtax**, new property taxes and introduce **national insurance** and an early form of inheritance tax.

The Budget was rejected by the House of Lords, leading to Lloyd George threatening to flood the House with peers who would vote for their own abolition. The king intervened and required a general election first. This led to Parliament Act 1911 which restricted the power of the House of Lords.

**people with significant control**

For company law, the plural of **person with significant control**. The main law is Companies Act 2006 from s790A.

**PEP**

(1) Personal Equity Plan.

This was a popular tax-advantaged investment scheme introduced in 1987. It was replaced by the **individual savings account (ISA)** in April 1999.

(2) **Politically exposed person**.

**PEPP**

**Pan-European personal pension**.

**peppercorn**

In law, an amount that is trivial but which is still **adequate** as **consideration** in making a **contract**. A peppercorn is the tiny husk from which black pepper is ground in a mill. The value is a small fraction of a penny.

The term originated in leases which were said to be for one peppercorn a year, to make them legally binding. The peppercorn is rarely provided though it could be demanded. In reality it means that something is provided free but as if provided under a contract.

~

“A peppercorn does not cease to be good consideration if it is established that the person does not like pepper and will throw away the corn”  
Somervell LJ in *Chappell v Nestlé* [1960] AC 67.

**peppercorn option**

“An option in the [insurance] policy under which the policyholder can require the premiums to reduce to a nominal amount once the policy has run at least ten years, and is then able to make part surrenders of the policy, which is converted to whole of life” (Inspector's Manual at IPTM8180).

**peppercorn rent**

Nominal rent.

**Pepper v Hart**

Leading tax case which was finally settled by the House of Lords in 1992. It established an important legal principle, and clarified an area of tax law.

The legal principle established is that the courts may look to **Hansard**, the record of Parliamentary proceedings to see what the purpose of an Act

was in deciding how to interpret it. This is a modern form of what is known as the **mischief rule**.

The case clarified the tax law on what constitutes the cost of an employee benefit. A teacher of a private school was allowed to have his son educated there for a much reduced fee. It was accepted that this was a taxable benefit in kind to the extent that the cost of the education exceeded the sum paid by the teacher. The dispute was whether the cost was the **marginal cost** of educating one extra pupil (basically food, stationery, laundry etc for one pupil) or was the **direct cost** which includes all the school's overheads divided by the number of pupils.

All the courts up to the Lords held that the Act was written so that the direct cost had to be used, which resulted in a much larger figure. The Lords held they could look to the Parliamentary debate and held it was the marginal cost.

**per** (1) By, in the manner described.  
(2) Latin: by, as stated by.

**per alium** Latin: by means of another.

**per annum** Latin: per year.

**p/e ratio (price per earnings)** The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a public company listed on a stock exchange (a listed company).

The P/E ratio is also a highly complex concept – it's a guide to use alongside other indicators, not an absolute measure to rely on by itself. The P/E ratio is arrived at by dividing the stock or share price by the earnings per share (profit after tax and interest divided by the number of ordinary shares in issue). As earnings per share are a yearly total, the P/E ratio is also an expression of how many years it will take for earnings to cover the stock price investment. P/E ratios are best viewed over time so that they can be seen as a trend.

A steadily increasing P/E ratio is seen by the investors as increasingly speculative (high risk) because it takes longer for earnings to cover the stock price. Obviously whenever the stock price changes, so does the P/E ratio. More meaningful P/E analysis is conducted by looking at earnings over a period of several years. P/E ratios should also be compared over time, with other company's P/E ratios in the same market sector, and with the market as a whole. Step by step, to calculate the P/E ratio: Establish total profit after tax and interest for the past year. Divide this by the number of shares issued. This gives you the earnings per share. Divide the price of the stock or share by the earnings per share. This gives the Price/Earnings or P/E ratio.

**per autre vie** Latin: for the life of another. The term is often used in respect of tenancy agreements.

**per capita** Per person, by or for each individual

<b>perceived value</b>	<p>Where the value of an item appears to be greater than its real cost. Perceived value is more of a marketing term, as it is a way of conferring benefit in a <b>cost-effective</b> manner. Perceived value may apply to tangible items, common examples of which include mugs, pens, books and calculators. All these items cost little to acquire in bulk but seem to be worth significantly more, which is why they are widely used as <b>promotional gifts</b>.</p> <p>Perceived value may also apply to financial arrangements, such as <b>loyalty schemes, employees' assistance programmes, legal insurance and payment protection insurance</b>.</p>
<b>per cent</b>	<p>Expressed as a ratio to 100, so one quarter is 25 per cent.</p> <p>Note that "per cent" is two words, whereas "percentage" is one.</p>
<b>percentage</b>	<p>Expressing a fraction as number where the <b>denominator</b> is 100. So three-quarters is 75%.</p> <p>Mathematically a percentage is simply a fraction converted to a decimal and multiplied by 100.</p>
<b>percentage point</b>	<p>The number of a <b>percentage</b>.</p> <p>The term is commonly used to avoid ambiguity when percentages change. The statement that an interest rate of 10% has increased by 5% could be regarded as meaning that the new interest rate is either 15% or 10.5%. Ambiguity is avoided by saying that it has moved by five percentage points or half a percentage point, as appropriate.</p> <p>One hundredth of a percentage point is a <b>basis point</b>.</p>
<b>percentage threshold scheme (PTS)</b>	<p>Scheme under which an employer may be able to recover the amount of statutory sick pay paid in a period to the extent that it exceeds 13% of his total national insurance payable.</p>
<b>percentile</b>	<p>Value which falls within a particular range of percentages. So the 26<sup>th</sup> percentile is the range that falls between 26% and 27% of the sample.</p>
<b>perceptual map</b>	<p>In marketing, the process of mapping a product or organisation against competitors in the hope of finding a <b>positioning gap</b> in the market.</p>
<b>perch</b>	<p>Imperial unit of length equal to 5½ yards, about 5.03 metres.</p> <p>A square perch is 30¼ square yards, about 25.3 square metres</p> <p>In stonemasonry, the term is a cubic measure of 24¾ cubic feet or 0.7 cubic metres.</p>
<b>per contra</b>	<p>Latin: to the opposite.</p> <p>Accounting term, now rarely used, referring to the opposite side of a bookkeeping double entry.</p>
<b>per cur</b>	<p>Abbreviation of <b>per curiam</b>, Latin for by the court.</p>
<b>per curiam</b>	<p>Latin: by the court.</p>

<b>percussion caps</b>	Items in the list of <b>explosives</b> for which there may be special Customs provisions (Explosives Act 1875 s3(1)).
<b>per diem</b>	Latin: daily. In business, the term is sometimes used to mean a daily allowance, such as an addition to pay when an employee is working overseas.
<b>perdition</b>	Future state of being in Hell. By extension, the term can mean a ruinous situation.
<b>per fas et nefas</b>	Latin: by right and wrong.
<b>père</b>	French: father.
<b>peremptory</b>	Term used in Roman law to mean final or admitting no opposing argument. By extension, the term can mean an attitude or process that is not prepared to consider any opposing view.
<b>perennial</b>	Occuring every year.
<b>perfect entry</b>	"Entry made in accordance with regulation 5 of the Customs Controls on Importation of Goods Regulations 1991 or warehousing regulations, as the case may require" (Customs and Excise Management Act 1979 s1(1)).
<b>perfect market</b>	Market in which no one can influence prices.
<b>perfect number</b>	Number whose factors, including 1, total itself. The lowest perfect number is 6 which is the sum of 1, 2 and 3. The next is 28.
<b>perforation</b>	Series of holes in a straight line which makes it easier to tear the document in the right place. Cheques and postage stamps are often perforated.
<b>performance</b>	In accounting, "the relationship of the income and expenses of an entity, as reported in the statement of comprehensive income" (FRS 102 glossary). "Performance is the relationship of the income and expenses of an entity during a <b>reporting period</b> " (FRS 102 section 2.23).
<b>performance bond</b>	Form of guarantee from an insurance company given by a seller in a contract. If the seller fails to honour a commitment and make adequate compensation, the buyer may claim under the bond.
<b>performance indicator</b>	Measure of the improvements or otherwise of throughputs, outputs and outcomes.
<b>performance-related condition</b>	"A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance" (FRS 102 glossary).

<b>performance share</b>	Share whose price is expected to grow significantly in value but with no or only small dividends.
<b>performing loan</b>	Loan where the borrower is making repayments without default.
<b>perfunctory</b>	In human resources, description of work or attitude that sees work as merely a duty to be performed to the minimum tolerable standard; offhand.
<b>PERG</b>	Perimeter Guidance manual published by the Financial Services Authority.
<b>pergameneous</b>	Parchment-like.
<b>peril</b>	Defined risk against which it is possible to take out insurance.
<b>perimeter</b>	Edge of a defined area, such as of a piece of land.
<b>per incuriam</b>	Latin: through want of care.
<b>per infortunium</b>	Latin: by mischance.
<b>Period A</b>	Term used in connection with <b>EIS relief</b> to mean the period from when the investee company was incorporated or (if later) two years before the shares were issued, and ending before the termination date relating to the shares (Income Tax Act 2007 s159(2)).
<b>Period B</b>	Term used in connection with <b>EIS relief</b> to mean the period from when the shares were issued and ending immediately before the termination date relating to the shares (Income Tax Act 2007 s159(3)).
<b>Period C</b>	Term used in connection with <b>EIS relief</b> to mean the period starting 12 months before the issue of the shares and ending immediately before the termination date relating to them (Income Tax Act 2007 s159(4)).
<b>period cost</b>	In management accounting, a cost whose amount can be determined by time, such as rent or insurance.
<b>period entry</b>	For Customs purposes, the period within which the quantity of goods specified by a licence must be imported or exported.
<b>period for appointing auditors</b>	This is defined in Companies Act 2006 s485. Generally the auditors must be appointed for a financial year no later than 28 days after the last permitted date for sending out the accounts to members.
<b>period for filing</b>	In company law, the period allowed for the filing of company accounts (Companies Act 2006 s441(2)).
<b>period for which an enquiry is in progress</b>	"Begins with the day on which the notice of enquiry is given, and ends on the day on which the enquiry is completed" (HMRC Guidance on Follower Notices)

and Accelerated Payments. 2014).

**periodical**

A publication circulated at regular intervals, such as a weekly or monthly magazine.

It is generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 3. Details are given in VAT notice 701/10.

A publication may qualify, even though it largely comprises posters to be unstapled (*EMAP Consumer Magazines Ltd [1994] VTD 13322*).

It could also include a single edition where there had been an intention to produce future editions (*European Publishing Consultants Ltd [1994]. VTD 13841*).

**periodic charge**

Another name for the **ten-yearly charge** of inheritance tax applied to many types of trust.

**periodic payment**

For stamp duty, periodic payments may generally be regarded as part of the transaction value for a period of up to 20 years.

For **maintenance**, this "does not include an instalment of a lump sum" (Income Tax Act 2007 s454(9)). The consequence is that this does not qualify for the 10% tax relief for maintenance payments.

**periodic payment plan**

In investment, a plan where capital is accumulated by regular payments.

**period of absence**

In relation to private residence relief for capital gains tax, "means a period during which the dwelling-house or the part of the dwelling-house was not the individual's only or main residence and throughout which he had no residence or main residence eligible for relief under this section" (Taxation of Capital Gains Act 1992 s223(7)).

**period of account**

Period for which a set of accounts are made up. In effect, it is the same as an **accounting period**.

The term is given a specific meaning for capital allowances (Capital Allowances Act 2001 s6(2)).

**period of default**

"In relation to any tax which remained unpaid after the due date, means the period beginning with that date and ending with the day before that on which the tax was paid" (Taxes Management Act 1970 s59C(12)).

**period of importation**

In relation to the **temporary importation rule** under the remittance basis, this term is defined in Income Tax Act 2007 s809Z4(10).

**period of incapacity for work (PIW)**

Period when an employee is absent because of sickness. The employee is entitled to **statutory sick pay** if other conditions are met.

A PIW must be for at least four days. If a person returns to work and starts a new PIW within eight weeks, the PIWs are said to be linked.

**period of interruption**

In social security, old term for a break in employment such as for sickness, maternity or unemployment. Such a period may trigger an entitlement to a

**social security** benefit.

<b>period of no public access</b>	In relation to the <b>temporary importation rule</b> for the remittance basis, this term is defined in Income Tax Act 2007 s809Z4(10).
<b>period of ownership</b>	In relation to private residence relief from capital gains tax, this “does not include any period before 31 March 1982” (Taxation of Capital Gains Act 1992 s223(7)).
<b>period of retention</b>	Period for which shares are held under a <b>profit-sharing</b> arrangement (Income and Corporation Taxes Act 1988 Sch 10 para 2).
<b>period of validity</b>	For Customs purposes, the period within which the quantity of goods specified by a licence must be imported or exported.
<b>peripatetic</b>	Description of one who travels to different locations to work, such as a supply teacher.
<b>peripheral</b>	Pertaining to the outside, such as a device designed to work with a computer but outside its main processor.
<b>perique</b>	Strong tobacco from Louisiana.
<b>perishable goods</b>	Goods that will deteriorate quickly and naturally, such as fruit. There are many legal provisions that allow the possessor to deal with such items, such as disposal by a Customs officer.
<b>perjurer</b>	Person who commits the criminal offence of <b>perjury</b> .
<b>perjury</b>	<p><b>Tax</b></p> <p>Criminal offence of making a false statement on an income tax return to obtain an allowance, reduction or repayment to which the person is not entitled (Perjury Act 1911 s5). The term was defined in <i>R v Hudson</i>. CCA [1956] 36 TC 561 as “false statements to the prejudice of the Crown and public revenue”. Summary proceedings can be brought in Scotland under Taxes Management Act 1970 s107.</p> <p><b>Criminal law</b></p> <p>Criminal offence under Perjury Act 1911 of giving false evidence which is committed if:</p> <ul style="list-style-type: none"><li>• the person believed the statement to be untrue when making it</li><li>• the person was under oath</li><li>• the false statement influenced the outcome of the case.</li></ul> <p>“If any person lawfully sworn as a witness or as an interpreter in <b>judicial proceedings</b> wilfully makes a statement material in that proceeding, which he knows to be false or does not believe to be true, he shall be guilty of perjury” (Perjury Act 1911 s1(1)).</p> <p>“If any person in giving any testimony (either orally or in writing) otherwise than on oath, where required to do so under section 2 of the</p>

Evidence (Proceedings in other Jurisdictions) Act 1975, makes a statement —  
(a) which he knows to be false in a material particular, or  
(b) which is false in a material particular and which he does not believe to be true,  
he shall be guilty of an offence”  
(Perjury Act 1911 s1A).

Perjury also covers false statements:

- in an affidavit (s2)
- in reference to marriage (s3)
- in reference to births and deaths (s4)
- for carrying on a vocation (s6).

- perk** Abbreviation of **perquisite**, incidental benefit from work.
- permanent difference** Difference between a business's taxable profits and the profits as stated in the accounts. Such differences arise when accounting and taxation treatments differ, such as for depreciation, entertainment and personal expenditure.  
Such differences are reflected immediately in the figure for tax. They are not posted to **deferred tax**.  
In accounting, “differences between an entity's taxable profits and its total comprehensive income as stated in the financial statements other than timing differences” (FRS 102 glossary).
- permanent endowment** Another name for a capital endowment fund.
- permanent establishment (PE)** Territory in which a business maintains a trading presence. The term is found in article 5 of the OECD model tax treaty, and is incorporated into various parts of UK tax law.
- permanent establishments profits election** Term used in Taxation (International and Other Provisions) Act 2010 s317A.
- permanent health insurance** Insurance policy which provides an income if the policy holder becomes too ill to work.
- permanent home** “The country where a person intends to live for the remainder of their life. It is the country whose laws decide, for example, whether a will is valid, or how the estate of a person who has not made a will is dealt with when they die” (HMRC inheritance tax glossary).
- permanent interest bearing share (PIBS)** Such shares are often issued by building societies.  
For capital gains tax, a definition appears in Taxation of Capital Gains Act 1992 s117(8A).  
PIBS are taxed under special rules from 25 July 1991.
- permanent overpayment (POP)** Small excess payment of £2 or less created as a result of a charge amendment or a payment being applied to a charge record” (Inspectors' Manual at DMBM121055”.



A POP is not reallocated even where there are outstanding liabilities from the taxpayer.

<b>permanent residence</b>	For capital gains tax, this means <b>main residence</b> .
<b>permanent total disability</b>	Term used in insurance contracts to mean a disability from which the individual is not expected to recover. Some insurance contracts specify that “permanent” means until the person’s normal retirement date.
<b>Permanent TSB</b>	Irish financial institution, previously known as Irish Life and Permanent plc, founded in 1884. In 2013, the body was split with the life insurance group purchased by the Irish government. The remaining bank was renamed Permanent TSB.
<b>permanent worker</b>	Term sometimes used to mean an employee, as a means of distinguishing such worker from a temporary worker.
<b>permanent workplace</b>	In relation to travel in employment, means “a place which — (a) the employee regularly attends in the performance of the duties of the employment, and (b) is not a <b>temporary workplace</b> ” (Income Tax (Earnings And Pensions) Act 2003 s339(2)).
<b>per mille</b>	Per Thousand. The premium rate for some types of group insurance is quoted per £1000 of benefit.
<b>permis de séjour</b>	Permission given by police to allow someone to reside in a foreign country.
<b>permissible capital payment</b>	Payment that a company may make from its capital to purchase its own shares in accordance with Companies Act 2006 s710.
<b>permit</b>	Document that shows an entitlement to do something.
<b>permitted characters</b>	In company law, those letters, numbers, punctuation marks and other signs and symbols that may be used in any document submitted to Companies House (Companies Act 2006 s1108). The scope includes accents on letters and diacritical marks.
<b>permitted company age requirement</b>	In relation to venture capital trusts, this term is defined in Income Tax Act 2007 s294A as inserted by Finance (No 2) Act Sch 6.
<b>permitted disclosure</b>	Disclosure which is permitted under a specific law or rule. In terms of company law, there are special provisions about permitted disclosure of information obtained under compulsory powers (Companies Act 2006 s461). In relation to money laundering, provisions are given in Proceeds of Crime Act 2002 from s333A.

<b>permitted limit</b>	In relation to enterprise investment scheme, the maximum number of employees that may be employed by an investee company. This is 500 for a <b>knowledge-intensive company</b> and 250 for other companies (Income Tax Act 2007 s186A(3A) as inserted by Finance (No 2) Act Sch 5).
<b>permitted maximum age requirement</b>	In relation to enterprise investment scheme, this term is defined in Income Tax Act 2007 s175A as inserted by Finance (No 2) Act 2015 Sch 5.
<b>permitted period</b>	In relation to residence nil rate band for inheritance tax, this term is defined in Inheritance Tax Act 1984 s8L(2) as inserted by Finance (No 2) Act 2015 s9.
<b>permitted work</b>	Work that someone may do while still claiming <b>employment support allowance</b> . This is either as part of a treatment programme or up to a small figure. (ESA regulation 45).
<b>permitted work higher limit</b>	Work for which an <b>employment support allowance</b> may be paid, provided it is arranged by a local authority or other body entrusted with assisting claimants back into work. A claimant may do such work for up to 52 weeks.
<b>permitted work lower limit</b>	Work for which an <b>employment support allowance</b> claimant is paid no more than £20 a week.
<b>permutation</b>	In statistics, order of arrangement of numbers.
<b>per my et per tout</b>	Latin: by the half and by the whole. The term is used in respect of <b>joint tenancy</b> .
<b>pernancy</b>	Legal term for receiving.
<b>perpetual bond</b>	In investment, a bond that has no maturity date and no provision for repaying the principal. It therefore pays interest indefinitely.
<b>perpetual debenture</b>	<b>Debenture</b> that cannot be redeemed, or where redemption is after a long time or on the happening of an unlikely contingency. Such debentures are generally legal under Companies Act 2006 s739.
<b>66perpetua est, nullam legem humanam ac positivam perpetuam esse, et clausia quae abrogationem excludit, ab 66initio66 non valet</b>	Latin: it is an everlasting law, that no positive and human law shall be perpetual, and a clause which excludes abrogation is invalid from its commencement.
<b>perpetual gilts</b>	<b>Gilts</b> that have no redemption date but pay interest indefinitely.
<b>perpetual succession</b>	Attribute of a company as against an individual, namely that the company lives on even when the individual dies.
<b>perpetuities</b>	Term for attempts to dictate how property is held a long time into the future. It is regarded as contrary to public policy for someone to be able to tie up

property for centuries into the future.

The present law is contained in Perpetuities and Accumulations Act 2009 which came into force on 6 April 2010. It creates a maximum perpetuity period of 125 years. A will or trust deed may specify a shorter period, but not a longer one. All pension schemes are exempted from this limit (as previously a few pension schemes were caught).

The 2009 Act only applies to newly created trusts and estates. Existing trusts and estates remain governed by Perpetuities and Accumulations Act 1964, though trustees may opt into the 2009 provisions but with a 100-year accumulation period. The 1964 Act generally imposes a limit of 80 years.

Trusts and estates created before 16 July 1964 are governed by common law provisions against perpetuities. These provisions were developed from the end of the 17<sup>th</sup> century. They generally restrict the perpetuity period to the life of the settlor plus 21 years.

<b>perpetuity</b>	(1) In investments, British government securities which the government is not obliged ever to repay but just offers a fixed rate of interest each year. (2) Legal rule which restricts how far an inheritance can be tied up by a testator.
<b>per pro</b>	Abbreviation of <b>per procurationem</b> , Latin: on behalf of another.
<b>per procurationem</b>	Latin: as an agent. The term means on behalf of another.
<b>perp walk</b>	American practice of making an arrested person walk in public wearing handcuffs to a police car, even when the person offers no resistance. This is for the benefit of the media.
<b>perquisite</b>	Incidental benefit from work, more usually referred to in the abbreviated form <b>perk</b> . They are usually taxed as <b>benefits in kind</b> . Historically the term has had other meanings.
<b>per quod</b>	Latin: whereby.
<b>per quod consortium et servitium amisit</b>	Latin: whereby he lost her society and services. An action which could once be brought against someone who had seduced a man's wife. The right is abolished by Law Reform (Miscellaneous Provisions) Act 1970 s5.
<b>perry</b>	Drink made from the fermentation of pear juice. It is subject to <b>alcoholic liquor duty</b> on the same basis and scale as <b>cider</b> .
<b>per saltum</b>	Latin: by a leap. Description of a person who is appointed to a position without having being appointed to the usual previous positions.
<b>per se</b>	Latin: by itself, taken alone.

<b>persecution</b>	Harassment, infliction or other detriment, including death, because of the victim's religion, politics, views or other improper reason.
<b>persecution complex</b>	In psychology, a morbid fear that one is being persecuted.
<b>persistency</b>	In insurance, the length of time a policy remains continuously in force with a company.
<b>persistent discrimination</b>	Committing a further act of sex discrimination within five years of being found to have committed a previous one. This can lead to an injunction being issued under Sex Discrimination Act 1975 s71.
<b>persistent offender</b>	Person who repeatedly breaks the law. This can be grounds for deporting a person. In the case <i>SC (Zimbabwe) v Secretary of State for the Home Department</i> . CA. <i>The Times</i> 18 May 2018, it was held that a person convicted of seven offences at one hearing could be a persistent offender.
<b>persistent organic pollutant</b>	Chemical that is subject to specific legislation to control its importation. Customs clearance cannot be obtained without a specific permission.
<b>persistent poverty</b>	For Scotland, this is when a child is in a household which income of less than 60% of median income for three out of four consecutive years ((Child Poverty (Scotland) Act 2017 s6).
<b>person</b>	Someone who has is recognised by law. This is either a <b>natural person</b> , a living human being, or a <b>legal person</b> such as a limited company. Person "includes a body of persons corporate or 68unincorporate" (Interpretation Act 1978 Sch 1).
<b>persona</b>	Latin: person.
<b>personable</b>	Human resources description of a well-formed person, someone who is pleasant to be with.
<b>person abroad</b>	For the purposes of anti-avoidance on <b>transfer of assets abroad</b> , the term means "a person who is resident or 68domiciled outside the United Kingdom" (Income Tax Act 2007 s718(1)).
<b>persona 68designata</b>	Latin: designated person.
<b>persona ficta</b>	Latin: artificial person. This means a <b>legal person</b> such as a limited company, local authority or corporation.
<b>persona grata</b>	Latin: person who is acceptable.
<b>personal accident and sickness insurance</b>	<b>Personal accident insurance</b> with additional cover for disablement due to sickness.

<b>personal accident insurance</b>	Insurance cover for people on property. The term is defined in Income and Corporation Taxes Act 1988 Sch 15 para 11 in relation to friendly societies.
<b>personal account</b>	Account which records transactions with other parties, such as customers, suppliers and staff, as against <b>impersonal account</b> which records transactions not involving other parties.
<b>personal accounting</b>	Recording the income and expenditure of a person.
<b>Personal Accounts Delivery Authority</b>	Corporate body established by Pensions Act 2007 s20 to oversee <b>personal accounts</b> (now called NESTs).
<b>personal allowance</b>	<p>Amount an individual is allowed to earn in a tax year before becoming liable to income tax (Income and Corporation Taxes Act 1988 s257). The rate is usually revised for each tax year, though it has not kept up with inflation.</p> <p>From 6 April 1990, there is a single rate which applies to all people, male and female, married and unmarried. For older taxpayers, there is an additional age allowance.</p> <p>From 6 April 2016, if the personal allowance is at least £12,500, the personal allowance must be at least the national minimum wage rate for a worker aged 21, multiplied by 30 and by 52. (For the hourly rate of £6.70 that applies from 1 October 2015, this gives a figure of £10,452.) (Finance (No 2) Act 2015 s3).</p>
<b>person already connected with the company</b>	Term used in Companies Act 2006 s756(5). Such a person is not regarded as a member of the public for the purposes of an offer to acquire shares or other securities in a private company.
<b>personal applicant</b>	"A person who is applying for a <b>grant of representation</b> without the help of a solicitor or other agent" (HMRC inheritance tax glossary).
<b>personal assets</b>	Moveable assets which belong to a person.
<b>personal budget</b>	In relation to the care of an adult, is a statement of the costs to a local authority of looking after that adult, and how that cost is split between the adult and the authority (Care Act 2014 s26).
<b>personal capacity</b>	Legal ability which it is assumed all adults have to manage their affairs until the contrary is demonstrated.
<b>personal chattels</b>	<p>Movable items; same as <b>chattels</b>.</p> <p>"Shall mean goods, furniture, and other articles capable of complete transfer by delivery, and (when separately assigned or charged) fixtures and growing crops, but shall not include chattel interests in real estate, nor fixtures (except trade machinery as herein-after defined), when assigned together with a freehold or leasehold interest in any land or building to which they are affixed, nor growing crops when assigned together with any interest in the land on which they grow, nor shares or interests in the stock, funds, or</p>

securities of any government, or in the capital or property or incorporated or joint stock companies, nor choses in action, nor any stock or produce upon any farm or lands which by virtue of any covenant or agreement or of the custom of the country ought not to be removed from any farm where the same are at the time of making or giving of such bill of sale" (Bills of Sale Act 1878 s4).

For inheritance purposes, "means tangible movable property, other than such property which —

- consists of money or securities for money, or
- was used at the death of the intestate solely or mainly for business purposes, or
- was held at the death of the intestate solely as an investment."

(Administration of Estates Act 1925 s55(1)(x) as amended by Inheritance and Trustees' Powers Act 2014 s3(1)).

**personal company**

For capital gains tax on gifts of business assets, a company where at least 5% of the voting rights are vested in the individual (Taxation of Capital Gains Act 1992 s165(8)).

**personal computer (PC)**

Computer intended for everyday use in the home. Such a computer typically uses the Microsoft Windows operating system.

**personal contract purchase**

Means of acquiring personal goods, such as a car. It is a cross between **hire purchase** and **leasing**.

When the item is acquired, the seller states the price at which he is prepared to buy back the item after a stated number of years. This price is known as the **minimum guaranteed future value (MGFV)**. Until then the car is leased. When the time arrives, and assuming the goods are still in fair condition, either the seller pays the MGFV and the lease ends, or the possessor pays the dealer and the MGFV and acquires the vehicle outright.

**personal credit agreement**

Agreement between an individual (debtor) and another person (creditor) by which the creditor provides the debtor with credit of any amount (Consumer Credit Act 1974 s8(1)).

**personal data**

For the purposes of data protection, "means any information relating to an identified or **identifiable living individual** (subject to subsection (14)(c))" (Data Protection Act 2018 s3(2)).

**personal data breach**

"Means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed" (Data Protection Act 2018 s31(3)).

**personal debt**

Debt owed by individuals rather than businesses

**personal development**

Process by which a person develops to maturity. The four main elements are:

- physical development, such as growing taller;
- perceptual development, such as seeing and hearing better;

- cognitive development, changes in thought processes, memory and language abilities; and
- personality and social development, which deals mainly with interpersonal skills.

In the workplace, personal development tend to relate to the last two in relation to the work to be done. The first two largely happen in childhood.

**personal digital assistant (PDA)**

A small portable battery-powered computer, which uses a detachable stylus rather than a mouse.

**personal effects**

For Customs purposes, items that a person reasonably requires for a journey. This includes "clothing, toiletries, personal jewellery and other articles of a personal nature including pets" (Customs notice 3). Further details are given in Customs notice 200. Relief from duty is available for such goods, but they must usually be notified to Customs.

**personal employee**

For a **simplified PAYE** scheme, "means —

- (a) a person employed at the employer's home to provide domestic or personal services for the employer, or the employer's family, or
  - (b) a person employed to assist the employer with any business, profession or course of study which, solely because of any physical or mental disability, the employer would not be able to carry on without the assistance of the personal employee"
- (PAYE Regulations SI 2003 No 2682 reg 34(3)).

**personal equity plan (PEP)**

A now discontinued tax-advantaged savings vehicle. Their function is now replaced by the **individual savings account (ISA)**.

It allowed individuals to enjoy the profits from stock market-related investment free of income tax and capital gains tax. PEPs were introduced on 1 January 1987 but from 6 April 1999, new investment in PEPs is no longer possible. However, existing PEPs could continue in existence for up to five years.

The annual limits were:

- £6,000 from 6 April 1990
- £4,800 from 6 April 1989
- £3,000 from 1 January 1988
- £2,400 from 1 January 1987

**personal estate**

Property, other than land and buildings, owned by an individual.

For wills, the term "shall extend to leasehold estates and other chattels real, and also to monies, shares of government and other funds, securities for money (not being real estates), debts, choses in action, rights, credits, goods, and all other property whatsoever which by law devolves upon the executor or administrator, and to any shares or interest therein" (Wills Act 1837 s1).

**personal exemption**

US term for the amount that a taxpayer may deduct from their taxable income. The taxpayer may claim one exemption for himself or herself plus one

for every person the taxpayer supports.

**personal export (new motor vehicles)**

Scheme which allows overseas visitors and other people who intend to leave the EU for at least six months, to buy a vehicle free of VAT and use it in the EU for a limited period before export.

**personal financial planning**

Planning an individual's finances for the short-term and long-term.

**personal gain**

Something to the financial benefit of an individual.

One of the conditions must be satisfied for an employee's disclosure to be a **protected disclosure** is that the employee did not make the disclosure for personal gain. Employment Rights Act 1996 s43L(2) states that any reward paid does not constitute personal gain.

**personal identification number (PIN)**

Code, typically of four digits, which allows the holder of a card to access the funds to which the card relates. The number is commonly referred to as a **PIN number** (even though the N of PIN stands for number).

**personal import allowances**

Amount an individual is legally allowed to bring in with him or her when coming from a non-EU country without having to pay Customs duty or VAT. It is colloquially known as the **duty-free**.

**personal incidental expenses (PIEs)**

These are now called **incidental overnight expenses**.

Small amounts of expenditure incurred by an employee while away on business which would otherwise be regarded as a taxable benefit to the employee. Normal accommodation and meals are allowable, so the provision applies to such disallowed items as newspapers, laundry and drinks at the bar.

From 6 April 1995, PIEs allow an employer to disregard amounts up to a limit of £5 a day in the UK and £10 overseas. This is viewed over the whole period of absence, so the limit for six days in the UK is £30. It does not matter when that £30 was spent.

It should be noted that PIEs exist for the convenience of employers and not for the benefit of employees. It is designed so that employers do not have to make adjustments for small amounts. An employee cannot otherwise claim the benefit of a PIE.

The law is contained in Income Tax (Earnings and Pensions) Act 2003 s241.

For national insurance, no adjustment was made to the law in 1995 as such expenses were not assessable to national insurance. With the extension of class 1A national insurance to expenses, a corresponding exemption was introduced by Social Security (Contributions) Regulations 2001 Sch 3 Part X. The matter is explained in the Inspector's Manual at NIM06025.

**personal income**

Income received by an individual from all sources before tax and other liabilities are paid.



**personal independence payment (PIP)**

Social security payment that replaces **disability living allowance**.  
The relevant law is Welfare Reform Act 2012 from s77.

**personal information**

*Information notices for tax*

Information that relates to a person's health, welfare or spiritual support.  
HMRC and Revenue Scotland are generally excluded from seeing such information if they require production of **personal documents** in an **information notice**.

For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 19(3).

For Revenue Scotland, the restriction is contained in Revenue Scotland and Tax Powers Act 2014 s136(6).

*Identity documents*

For purposes of a identity documents, personal information about A means —

- “(a) A's full name,
  - (b) other names by which A is or has previously been known,
  - (c) A's gender,
  - (d) A's date and place of birth
  - (e) external characteristics of A that are capable of being used for identifying A,
  - (f) the address of A's principal place of residence in the United Kingdom,
  - (g) the address of every other place in the United Kingdom where A has a place of residence,
  - (h) where in the United Kingdom and elsewhere A has previously been resident,
  - (i) the times at which A was resident at different places in the United Kingdom or elsewhere,
  - (j) A's current **residential status**,
  - (k) residential statuses previously held by A, and
  - (l) information about numbers allocated to A for identification purposes and about the documents (including stamps or labels) to which they relate.
- (Identity Documents Act 2010, now repealed s8(1)). This Act has now been repealed.

**personal injury**

In relation to exclusions for negligence in consumer contracts, “includes any disease and any impairment of physical or mental condition” (Consumer Rights Act 2015 65(3)).

**Personal Investment Authority (PIA)**

A Self-Regulating Organisation (SRO) set up under the Securities and Investment Board (SIB) with responsibility for regulating retail financial services.

**personal liability notice (PLN)**

Notice that may be served on **culpable officers** of a company, requiring them to meet any shortfall of the company's contributions (Social Security Administration Act 1992 from s121C).

From 6 April 2014, a PLN may be served on a director or officer for

unpaid PAYE under the provisions of Income Tax (Earnings and Pensions) Act 2003 s97ZA as inserted by Finance Act s17(1). For this purpose, the PLN is as defined in *ibid* s97ZB(2).

A notice may also be issued for a **relevant PAYE debt** under the provisions of PAYE regulations SI 2003 No 2682 from reg 97ZA.

**personal licence**

**Alcohol**

“A licence which:

(a) is granted by a licensing authority to an individual, and

(b) authorises that individual to supply alcohol, or authorise the supply of alcohol, in accordance with a premises licence”

(Licensing Act 2003 s111(1)).

**Gambling**

Licence which authorises an individual to perform functions in connection with gambling facilities (Gambling Act 2005 s127).

**personal lines**

Insurance designed for individuals rather than businesses or organisations.

**personal loan**

Money lent to an individual.

For the purposes of tax relief for peer-to-peer loans, the term means “a loan which is not used wholly or predominantly for the purpose of a business carried on, or intended to be carried on, by the recipient of the loan” (Income Tax Act 2007 s412I(7)).

**personal numbering**

In relation to telephones, a number that attaches to an individual rather to a specific telephone instrument. This means that a person can be contacted anywhere on the planet using whatever device the individual has set to receive calls. From 1995, such numbers usually start 070 in the UK (or 700 in the USA).

**personal organiser**

Personal file in which pages may be inserted as desired. Such a file is generally used as a diary, address book and for storing basic reference material of particular interest to the user. The leading example is the Filofax, which is sometimes used as a generic name but is a trade name.

**personal pension**

A pension plan which produces income and possibly a tax-free lump sum on retirement or death. Personal pensions commenced in July 1988 and are designed to allow anyone who is either employed but not a member of an occupational pension scheme or self-employed to make provision for a pension in retirement. Personal pensions can be used to ‘contract out’ of the State Earnings Related Pension Scheme.

Employers can normally contribute to the personal pension of an employee. Employees who are members of an occupational scheme cannot contribute to their own personal pension plan. 2. Personal pensions are a way of making your own pension provision if you are not a member of an employer’s scheme.

The return from a personal pension or part of it can be used to pay off the capital sum of a mortgage at the end of the mortgage term usually 25

years or, sometimes, earlier. They have the benefit of being tax efficient but to find out if they are suitable you should discuss with your financial adviser.

The main points of a personal pension are:

- income tax relief (including at higher rates) is available on contributions, subject to statutory limits
- contributions are invested in a fund that is not subject to capital gains tax or equivalent
- benefits may be taken from the age of 55, regardless of whether the member retires. Funds may be withdrawn from an earlier age
- up to 25% of the fund may be taken as a tax-free lump sum.

**personal pension scheme** A pension scheme previously approved by the Board of Inland Revenue under Income and Corporation Taxes Act 1988 s361.

Such a pension scheme must be established in accordance with Finance Act 2004 s154(1). A personal pension scheme is one so established which is not an occupational pension scheme (Pension Schemes Act 1993 s1(1)).

**personal portfolio bond** Tax avoidance scheme that was rendered ineffective from 6 April 1999.

It was an insurance policy that invested in assets already owned by the policy holder.

**personal possessions** The term is used in executorship. Such items form part of the residuary estate unless specifically stated otherwise in the will.

**personal property** Property other than land and buildings, also known as **personalty**. Land and buildings are **real property**.

**personal records** Records that relate to an individual rather than to his or her business or financial affairs.

HMRC and Revenue Scotland are generally restricted from requiring such records in an **information notice**.

For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 19(3), where the term means documents that contain personal information. This is defined according to Police and Criminal Evidence Act 1984 s12.

For Revenue Scotland, the term is defined as meaning “documentary and other records concerning an individual (“P”) (whether living or dead) who can be identified from them and relating—

(a) to P’s physical or mental health,

(b) to spiritual counselling or assistance given or to be given to P, or Revenue Scotland and Tax Powers Act 2014 Part 7—Investigatory powers of Revenue Scotland Chapter 3—Restrictions on powers in Chapter 2

(c) to counselling or assistance given or to be given to P, for the purposes of P’s personal welfare, by any voluntary organisation or by any individual who—

(i) by reason of an office or occupation has responsibilities for P’s personal welfare, or

(ii) by reason of an order of a court has responsibilities for P’s supervision.” (Revenue Scotland and Tax Powers Act 2014 s136(6)).

- personal representative (PR)** A person who deals with the property of someone who has died.  
If the person left a will (**testate**), the PR is an **executor** acting under **probate**.  
If the person left no will (**intestate**), the PR is an **administrator** acting under **letters of administration**.  
The residence of a personal representative for income tax purposes is set out in Income Tax Act 2007 s835.
- personal return** Declaration an individual is required to make to HMRC to allow his liability for income tax and capital gains tax to be calculated. The general requirement is contained in Taxes Management Act 1970 s8.
- personal savings allowance (PSA)**  
Amount of savings for which a taxpayer may claim income tax relief in addition to the **personal allowance**. It is introduced from April 2016.
- personal savings retirement account (PRSA)**  
Form of private pension available in the Irish Republic.
- personal security**  
Expenditure that relates to protecting people, rather than property.  
From 6 April 1989, tax relief may be claimable for such expenditure (Income Tax (Earnings And Pensions) Act 2003 s377 and Income Tax (Trading and Other Income) Act 2005 s81).  
Expenditure may qualify for a capital allowance (Capital Allowances Act 2001 s33).  
An Inland Revenue press release dated 13 April 1989 gave examples as including alarm systems, bulletproof glass in windows, and floodlighting.  
The press release suggested that the tax relief applied only to persons who "face a special threat of injury or death from terrorists and other extremist groups who resort to violence".  
In the case *Lord Hanson v Mansworth [2004] SpC 410*, the Special Commissioners held that Lord Hanson was one of the few people who qualified. Hanson had received death threats from the IRA from which his company incurred high expenditure to protect him.
- personal service**  
(1) Delivery of a message directly from the sender and not via a third party.  
(2) A duty performed by the contracting party and not by someone else acting on their instruction.
- personal service company (PSC)**  
A company that supplies the services of one employee to another company to avoid the employee being regarded as the employee of the second company. This can require the **PSC** to make a special tax payment under the **IR35 regulations**, introduced from 6 April 2000.  
The law is contained in Income Tax (Earnings and Pensions) Act 2003 ss48-61.
- person disqualified under this Part**  
Term used in Companies Act 2006 s1184(4) for someone who is disqualified

from acting as a director because of foreign restrictions.

- personal transaction** Something done by a person through their own effort and not through the agency of someone else.
- personalty** Property other than land and buildings, also known as **personal property**.
- personal use** The same as **private use**.
- personal use rule** A provision that gives relief under the **remittance basis**. The rule is defined in Income Tax Act 2007 s809Z2.
- personal welfare LPA** A form of **lasting power of attorney (LPA)** that may be made from 1 October 2007 under Mental Capacity Act 2005.  
An individual who is at least 18 and has mental capacity may make such an LPA. It appoints a person (the attorney) to make decisions about the individual if he or she loses mental capacity. Under this LPA, the attorney may make decisions about the individual's general welfare, including consent for medical treatment.
- persona non grata** Latin: person who is not acceptable.
- person being taxable in another member state**  
Term used in Value Added Tax 1994 s92(2).
- person engaged in the administration of housing benefit**  
In relation to social security fraud, "means —  
(a) an authority which administers housing benefit,  
(b) a person authorised to exercise any function of such an authority relating to housing benefit, or  
(c) a person providing to such an authority services relating to housing benefit"  
(Welfare Reform Act 2012 s131(12)).
- person established in the EU** In the case of an individual, any person who is normally resident in the European Union (EU). In the case of a legal person or an association of persons (such as a company or corporation) that has a registered office, central headquarters or a permanent business establishment, in the EU.
- person established outside the EU**  
In the case of an individual, any person who is not normally resident in the EU. In the case of a legal person or an association of persons (such as a company or corporation) that has a registered office, central headquarters or a permanent business establishment outside the EU.
- person in default** For tax, the person who is responsible for the non-payment of tax and against whom proceedings may be commenced under Taxes Management Act 1970 ss61-70A.

- person in default** Person who may be liable under provisions relating to fraudulent or negligent conduct under Taxes Management Act 1970 s36.
- person instructing unfit director** Such a person may be disqualified as a director under Company Directors Disqualification Act 1986 s8ZA as inserted by Small Business, Enterprise and Employment Act 2015 s105.
- person involved in providing the accommodation** Term used in Income Tax (Earnings And Pensions) Act 2003 s112 to determine whether an employee is liable to pay income tax on the benefit of being provided with accommodation.
- person paid the relevant national minimum wage** In relation to the link between the income tax personal allowance and national minimum wage, "means a person who works for 30 hours a week for a year at the relevant nmw" (Finance (No 2) Act 2015 s4(4)).
- persons acting in concert** "Persons, who pursuant to an agreement or understanding (whether formal or informal), actively co-operate, whether by the ownership by any of them of shares in an undertaking or otherwise, to exercise control or influence over that undertaking" (FRS 8 para 2.4).
- person's estate** The amount left by a person on death on which inheritance tax may be charged. Inheritance Tax Act 1984 s5(1) defines this as "the aggregate of all the property to which he is beneficially entitled" except for **interest in possession trusts, excluded property**, and foreign works of art being exhibited in the UK.
- persons providing benefit** In relation to taxation of assets provided to an employee "are the person or persons at whose cost the benefit is provided" (Income Tax (Earnings And Pensions) Act 2003 s209).
- person-to-person** Transaction, telephone call or other action between two individuals that do not involve a company or business.
- person who made a conditionally exempt transfer** In relation to inheritance tax and certain works of art, this term is defined in Inheritance Tax Act 1984 s78(3).
- person with significant control (PSC)** Person who exercises significant control over a company but is not necessarily a director.  
From 1 January 2016, every company must keep a register of PSCs. The law is contained in Companies Act 2006 from s790A as inserted by Small Business, Enterprise and Employment Act 2015 from s81
- per stirpes** Latin: by stock or branches. The term relates to how property is divided between descendants.  
A common example is when property is divided between children of the

deceased. If one child has already died, that child's share is divided between the children of that child.

**persuade** Bring someone to the point where they agree to act, rather than to **convince** which merely brings them to the point of belief. You may convince someone they owe tax, and then persuade them to pay it.

**persuasive precedent** Decision of a **court case** which influences future decisions of courts where the facts are similar, but where the decision falls short of a **binding precedent**.  
Persuasive precedents often arise from **obiter dicta**, or from decisions of courts in other jurisdictions but which have a similar system of law.

**per totam curiam** Latin: by the whole court.

**Peru** South American country. Its currency is the new sol of 100 centimos. The UK has no double taxation treaty.

**per-unit tax** A per-unit tax is a tax that is charged as a fixed amount on each unit of the good. Most excise duties are per-unit taxes.

**pervasive recognition** In accounting, term introduced by FRS 102 to refer to the procedure to be adopted for **measurement** of amounts in financial statements. The procedure is set out in para 2.35.

**perversity** Unreasonable wrongness, usually capricious. It is the only ground of appeal on a point of fact from a decision of a tribunal.

**pervicacious** In human resources, description of someone who is very obstinate.

**PES** Personal Export Scheme.  
This is a scheme under which a VAT-registered supplier may supply a motor vehicle to certain customers in the United Kingdom free of VAT, on condition that the vehicle is exported to a destination outside the European Union within a fixed time. Subject to some restrictions, the vehicle may be used in the EU prior to its final export.

**peseta** Unit of currency of Spain before it adopted the euro.

**pesewa** One hundredth of a cedi, currency of Ghana.

**PESM** Partial exemption special method, for VAT.

**peso** Currencies of Argentina and Chile.

**pesticides tax** A proposed tax suggested in 1999 to deal with environmental concerns. In the event, those concerns were addressed without the need to introduce this tax.

**PET** **Potentially exempt transfer**, for inheritance tax purposes.

<b>pet</b>	Animal kept for companionship and affection rather than for work or food. Such status of an animal can determine whether its food is subject to VAT, and how the animal may be imported through Customs.
<b>peta-</b>	Prefix used in metric units. It means 10 <sup>12</sup>
<b>peter</b>	Dwindle away.
<b>Peterhead principle</b>	Principle which establishes when a mutual trading organisation is engaged in taxable trading, as is discussed in the Inspectors' Manual at BIM24475. The name comes from the case <i>British Legion Branch, Remembrance and Welcome Home Fund v CIR [1953] 35 TC 509</i> .
<b>Peter Pan</b>	Character in play of same name by J M Barrie written in 1904. By allusion, the term applies to any person who seems not to grow up.
<b>Peter principle</b>	Principle established by Lawrence J Peter, a psychologist, in 1969. It states that everyone rises to their level of incompetence. Although originally written as a joke, it is now accepted as a management principle.
<b>Peter Schlemihl</b>	Person who makes a very bad bargain. The name is a character in Chamisso's tale of the same name of a man who sold his shadow to the devil.
<b>Peter's pence</b>	Voluntary offerings made in the Roman Catholic church. From the 8 <sup>th</sup> century to 1534 it was an English tax imposed by the church.
<b>pet food</b>	Food specifically prepared for pets. Such food is standard-rated for VAT. However food for humans or for working animals is generally zero-rated, even if sold for pets. The full scope is set out in VAT notice 701/15. The following are standard-rated, "pet foods, canned, packaged or prepared; packaged foods (not being pet foods) for birds other than poultry or game' and biscuits and meal for cats and dogs" (Value Added Tax 1994 Sch 8 Group 1 Excepted Item 6).
<b>petit bourgeois</b>	Old term for a member of the lower middle class.
<b>petition</b>	Term which means any form of request from prayer through to a demand signed by many people.
<b>petitioning creditor</b>	Creditor who presents a petition for a debtor to be declared insolvent.
<b>petition officer</b>	Person who deals with a petition to recall an MP (Recall of MPs Act 2015 s6).
<b>Petition of Right</b>	Constitutional document produced by Parliament in 1628 and served on Charles I. One of its main provision was its re-assertion that taxes may only be imposed by Parliament.



<b>81petition principii</b>	Latin: inclining towards the beginning. In logic and advocacy, a false argument that assumes what it is trying to prove or demonstrate. In other words, it begs the question.
<b>petit jury</b>	Old term for a jury of only 12 people, now the standard jury.
<b>Pet Passport Scheme</b>	Scheme whereby a cat, dog or ferret may be imported into the UK without the need for quarantine.
<b>petrodollar</b>	Term used for dollars held by oil-producing companies, particularly in the 1970s when oil prices rose sharply. The term fell from use but was revived from 2004.
<b>petrol</b>	Commonest form of <b>road fuel</b> . Its sale is subject to hydrocarbon oil duty and VAT. When provided to an employee, the employee is liable to pay income tax on the <b>fuel benefit</b> . The employer may be liable to pay class 1A national insurance and to make an adjustment to the VAT return. The word originally was a contraction of <b>petroleum</b> . It is now generally used to mean the light volatile hydrocarbons obtained by fractional distillation of petroleum. For capital allowances on cars, the word "has the meaning given by Article 2 of Directive 98/70/EC of the European Parliament and of the Council" (Capital Allowances Act 2001 s268C(4)).
<b>petroleum</b>	Mineral oil containing a mixture of hydrocarbons.
<b>petroleum gas</b>	"Means any hydrocarbon which — (i) is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and (ii) is not <b>natural gas</b> (as defined in paragraph (b) below) (Hydrocarbon Oil Duties Act 1979 s23C(5)(a)).
<b>petroleum-related information</b>	This term is defined in Energy Act 2016 s27(1).
<b>petroleum-related samples</b>	This term is defined in Energy Act 2016 s27(1).
<b>petroleum spirit</b>	Old term for <b>petrol</b> .
<b>petrol pump</b>	A petrol pump (and other road fuel delivery equipment) is sometimes supplied by an oil company on a deferred payment basis. The tax treatment for the different methods is explained in the Inspector's Manual at BIM45365.
<b>petrol station</b>	This is a <b>trade related property</b> .
<b>petroleum revenue tax</b>	A tax on the production of petroleum, introduced in 1974.
<b>petticoat government</b>	Perjorative term for government or management by women.

<b>pettifogging</b>	Description of someone who takes a legalistic approach to trivial matters.
<b>petty cash</b>	<p>Ready cash (bank notes and coins) kept on the premises for small items of expenditure.</p> <p>The cash is typically kept in a locked box which is itself usually kept in a safe.</p> <p>Normal bookkeeping requires items paid from the box to be supported by a voucher signed by someone authorised to do so. These vouchers are then filed and indexed to a <b>petty cash book</b> which is a prime book of account for bookkeeping purposes.</p>
<b>petty cash book</b>	<p>One of the <b>prime books of account</b>, which relates to <b>petty cash</b>.</p> <p>Typically, the left-hand side records cash paid in. This is usually a memorandum account outside the bookkeeping as these amounts are entered into the nominal ledger from the bank account book from which the cash is drawn. If cash is received from another source, such as a cash sale, provision must be made to ensure that this is properly recorded in the financial accounts, possibly by a journal entry.</p> <p>The right-hand side of the book records payments from petty cash. These are analysed under categories of expenditure for eventual posting to the profit and loss account via the nominal ledger.</p>
<b>petty cash box</b>	<p>Box which keeps <b>petty cash</b>.</p> <p>Typically it is a metal box with a key, though the lock is not very secure. There is a coin tray, typically divided into six compartments. Underneath the coin tray, bank notes are kept.</p> <p>As there are more than six different coins in circulation, a sensible division of denominations per compartment is:</p> <ul style="list-style-type: none"><li>• £2 and 50p coins</li><li>• £1 coins</li><li>• 20p coins</li><li>• 10p coins</li><li>• 5p coins</li><li>• 1p and 2p coins</li></ul> <p>The box usually also contains either a small cash book, or the vouchers which have yet to be written up in the petty cash book and filed.</p>
<b>petty cash voucher</b>	Document which authorises payment from <b>petty cash</b> and documents its purpose.
<b>petty custom</b>	A tax charged between 1303 and 1322.
<b>petty expenses</b>	Small amounts of expenses.
<b>pew rent</b>	Charge once made to use a pew in church.
<b>pewter</b>	<p>Alloy of various combinations of lead and lesser amounts of tin. Sometimes other metals such as copper, bismuth and antimony are included.</p> <p>Some old Cornish coins were made of pewter.</p>

The word is also an old slang term for prize money.

<b>PEX Committee</b>	<b>Public Expenditure Committee.</b>
<b>Pfandbriefe</b>	German bonds issued by mortgage banks that are collateralised by long-term assets. They are considered to be a particularly safe investment.
<b>PFFI</b>	<b>Participating foreign financial institution.</b>
<b>PFI</b>	Private Finance Initiative.
<b>PFI relief</b>	<p>Relief from stamp duty land tax for Private Finance Initiative projects. The relief is given in Finance Act 2003 Sch 4 para 17.</p> <p>The relief does not exclude all SDLT, but excludes certain amounts from the calculation of the taxable consideration.</p>
<b>PG</b>	<p>(1) Professional Group. Representative body which discusses tax matters with HMRC.</p> <p>(2) <b>Present gravity.</b> Customs notice 226 explains how this may be used to calculate alcoholic strength for determining <b>beer duty.</b></p> <p>(3) Abbreviation used in Income Tax (Trading And Other Income) Act 2005s491 in calculating the capital gain on a life insurance policy. The definition is amended by Finance Act 2012 s11(2).</p>
<b>PGK</b>	<b>ISO code</b> for Papua New Guinea kina.
<b>PGL</b>	<b>Postgraduate loan.</b>
<b>PGS</b>	Person who has given security for PAYE (PAYE regulations SI 2003 No 2682 reg 97S).
<b>pH</b>	Measure of acidity.
<b>Phaedra complex</b>	The difficult relationship that can arise between a child and step-parent.
<b>phantom</b>	<p>Share against whose price a cash price is based even though there is no direct or indirect ownership of that share.</p> <p>The term was coined in HMRC guidance on employee share plans. Such a provision is not illegal, but special provisions apply when used in an employee share scheme. This is only likely to happen in an <b>avoidance scheme.</b></p>
<b>phantom share scheme</b>	“Under phantom schemes employees receive payments in cash and do not acquire shares. The amount received in cash is usually equal to the increase in the value of a specified number of shares over a specified period of time” (Inspector’s Manual at BIM 44002). HMRC also issued guidance on 7 April 2006.
<b>phantom stock plan</b>	Benefit plan for employees that is equivalent to the employees holding shares but without actually doing so.

<b>pharma</b>	Pharmaceutical companies seen collectively as an investment opportunity.
<b>phased retirement</b>	“When the deceased has divided their pension entitlement into a series of segments and has agreed a plan of retirement with their pension provider to take so many segments each year” (HMRC inheritance tax glossary).
<b>PHE</b>	Public Health England.
<b>pheasants</b>	For VAT, these may be zero-rated as food, even when bred for shooting. <i>N C D Carter [2000] VTD 17288.</i>
<b>phi</b>	Twenty-first letter of Greek alphabet indicated as $\phi$ or $\Phi$ . It is used in classical Greek to denote 500.
<b>PHI business</b>	In relation to taxation of insurance companies, means “long-term business other than life assurance business (including the reinsurance of such long-term business)” (Income and Corporation Taxes Act 1988 s431(2)).
<b>Philadelphia lawyer</b>	Old term for a very shrewd and capable lawyer.
<b>philanthropic</b>	For VAT and such bodies, the term refers to “good work for the direct benefit of the general community or to a particular section of the community or designed to promote the well being of mankind” (VAT notice 701/5).
<b>philanthropic advisor</b>	American term for an individual or firm that provides counselling and evaluative services to donors before and after grant making decisions.
<b>philanthropy</b>	Love of mankind as shown in generous welfare provision.
<b>philately</b>	Collection and study of postage stamps.
<b>Philippines</b>	Island state in the Pacific Ocean. Its currency is the Philippine peso of 100 centavos. The UK has a double taxation convention of 1976.
<b>Philippine peso</b>	Currency of the Philippines.
<b>philistine</b>	Person of material outlook who does not value culture.
<b>philosophical</b>	For VAT and such bodies, “the advancement of a particular way of thinking but which are not of a political or religious nature” (VAT leaflet 701/5).
<b>phishing</b>	<p>Form of <b>Internet</b>-based <b>fraud</b> which involves <b>identity theft</b>.</p> <p>It involves pretending to be a bank, auction site or other website and sending an <b>e-mail</b> to as many people as possible to seek personal details. The e-mail usually says that there is a problem on the account and asks the person to enter their details, including passwords and similar confidential data, to allow the supposed problem to be resolved. The passwords and similar data are used for identity theft.</p> <p>HMRC has repeatedly warned against phishing, such as when e-mails are sent out in mass advising people that they have a tax rebate and asking them</p>

to enter details. These details can then be used for identity theft or to empty a bank account.

**PHMC**

**Plant Health Movement Certificate.**

**phoenix company**

Company which "rises from the ashes" of another company. A common example is when a company goes into liquidation with unpaid debts, only for another company run by the same people in the same business activity, and often with a similar name, to appear.

The term comes from the bird Phoenix of Egyptian mythology. It died by burning in a fire from whose ashes another Phoenix would arise.

**phoenixism**

Practice of allowing a business to become insolvent with unpaid debts, only for another business, the **phoenix company**, to appear in the same business activity. There are provisions in insolvency law which are intended to counter this practice.

**phone booth**

Another name for a **telephone kiosk**.

**phonecard**

Prepayment card used to operate a public telephone.

The sale of such a card is a standard-rated supply for VAT (VAT notice 700). VAT is accounted on the *commission* received from the supplier. Further guidance is given in VAT notice 700/7.

**PHONEday**

Day of 16 April 1995 when telephone numbers in the UK were radically reorganised. In particular numbers starting 0 were generally replaced with 01. Some areas (Bristol, Leeds, Leicester, Nottingham and Sheffield) were given new codes.



**phoney war**

Term used in 1940 when there was no obvious sign of war from Germany in England.

**photobook**

A bound book comprising photographs taken by a customer.

Such a book can come within the scope of VAT zero-rating for books (*Harrier LLC. TC 1562 [2011]*).

**photocard**

A card which has a photograph of the holder to help identify the person. Modern **driving licences** and most **security passes** are photocards.

**photocopies**

The supply of a photocopy is generally not zero-rated, according to VAT notice 701/10, even if the copied document is zero-rated if supplied separately.

If the photocopy is itself a leaflet or book, it may be zero-rated under Value Added Tax Act 1994 Sch 8 Group 3.

<b>photographs</b>	<p>For VAT, these are generally standard-rated though they may be zero-rated if supplied as part of a book or as a <b>photobook</b>.</p> <p>An <b>adhesive photograph</b> is standard-rated even though it is designed to be stuck into a book to complete its text (<i>Paninin Publishing Ltd [1988] VTD 3876</i>). A book with such photographs already stuck in is wholly zero-rated.</p>
<b>PHP</b>	<b>ISO code</b> for Philippines peso.
<b>PHSI</b>	Plant Health and Seeds Inspectorate.
<b>physical asset</b>	Asset which has a physical form, as against an <b>intangible asset</b> .
<b>physical inventory</b>	<p>Counting of actual stock at the end of an accounting period.</p> <p>This is then valued. The figure becomes the <b>closing stock</b> figure as used in the balance sheet and profit and loss account.</p>
<b>physical market</b>	Commodity market where purchasers actually buy the products, as against a <b>futures market</b> .
<b>physical price</b>	Current cash price of a commodity for immediate delivery.
<b>physicals</b>	Commodities that are delivered to the buyer.
<b>physical stock</b>	Actual items of inventory held on the premises.
<b>physiotherapist</b>	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.
<b>phytosanitary certificate</b>	Document required for the importation of certain plants. The certificate relates to how far the plant will grow and spread in the UK.
<b>PI</b>	<b>Proprietor's interest.</b>
<b>pi</b>	<p>Greek letter <math>\Pi</math> used to denote the ratio of the circumference of a circle to its diameter. This is not an exact number, but can be rounded to 3.1415927, which number may be continued indefinitely.</p> <p>It is the 16<sup>th</sup> letter of the Greek alphabet, where it also meant 80.</p>
<b>PIA</b>	<b>Personal Investment Authority.</b>
<b>pia frauds</b>	Latin: pious frauds.
<b>piano rolls</b>	<p>Rolls of perforated paper which operate a pianola or other type of player piano.</p> <p>It is standard-rated according to VAT notice 701/10, and does not benefit from the zero-rating for printed music under Value Added Tax Act 1994 Sch 8 Group 3.</p>
<b>piaster</b>	One hundredth of a Lebanese pound or Egyptian pound.

<b>piastre</b>	Unit of currency once used in many North African and Middle Eastern countries. It was equal to one hundredth of a pound.
<b>PIBOR</b>	Paris Interbank Offered Rate. This is the rate at which French banks lend to each other.
<b>PIBS</b>	Permanent interest bearing shares.
<b>PIC</b>	<b>Prior informed consent.</b>
<b>pica</b>	Old type size equal to one sixth of an inch, widely used on manual typewriters.
<b>picamar</b>	Bitter oily liquid obtained from tar.
<b>picaroon</b>	Spanish term for a vagabond or pirate who lives by cheating.
<b>picayune</b>	Coin worth 6 cents used in the USA before 1857.
<b>piccaninny</b>	Old term for a small black child. The term is no longer considered acceptable.
<b>picketing</b>	Protesting at a workplace with a view to dissuading workers from working.
<b>PICNIC</b>	Abbreviation: problem in chair, not in computer. Computer engineers' colloquialism meaning that an ostensible computer problem relates to the user and not to the equipment.
<b>pico-</b>	Prefix used in metric units. It means $10^{-12}$ , or one trillionth.
<b>pictograph</b>	Picture used as a symbol.
<b>PID</b>	Prolapsed intervertebral disc. Common abbreviation for sick notes (HMRC leaflet E14).
<b>PIDA</b>	Public Interest Disclosure Act 1998, which legalised <b>whistleblowing</b> .
<b>PIE</b>	(1) <b>Personal incidental expenses</b> (2) Public interest entity.
<b>pie chart</b>	Graphic representation where elements of the whole are shown as sectors of a circle, like slices of a pie.
<b>piece rate</b>	Method of paying employees or other workers according to what has been produced, such as £2 for each item assembled.
<b>piece worker</b>	A person who is paid according to units of production rather than time. A piece worker must be paid the <b>national minimum wage</b> on the <b>time work</b> basis.
<b>piecework</b>	Payment for work by output, such as items assembled or baskets harvested.

<b>pie-d-a-tierre</b>	Dwelling kept for occasional lodging.
<b>pier</b>	For capital allowances, this is specifically excluded from the scope of plant and machinery (Capital Allowances Act 2001 s22(1) List B).
<b>pierce the veil of incorporation</b>	US term for <b>lifting the veil of incorporation</b>
<b>Pievienotās vērtības nodoklis</b>	Latvian: valued added tax.
<b>pig ark</b>	Piece of curved material to make a simple kennel-like protection for outdoor pigs. This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).
<b>piggy bank</b>	Money box, traditionally made of earthenware and shaped like a pig. The term derives from the word pygg which means a soft cheap clay that was widely used to make storage containers for coins.
<b>pig in a poke</b>	Colloquialism for a bad bargain. A poke means a pocket or large bag. In 16 <sup>th</sup> and later centuries, a common confidence trick was to sell a "pig" in a bag. This proved to be a worthless cat. This is also the origin of the expression "let the cat out of the bag".
<b>pig tent</b>	Form of protection for outdoor pigs. This qualifies as plant and machinery (at the higher rate) in the pig industry (HMRC Brief 03/2010 issued on 23 February 2010).
<b>Pigovian tax</b>	Tax that is imposed partly or wholly to dampen down a demand for social purposes. Examples include taxes on alcohol, tobacco and petrol to reduce their consumption. The name comes from the economist Arthur Pigou (1877-1959, England) who developed such economic theories.
<b>PII</b>	<b>Professional indemnity insurance.</b>
<b>PII 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>piker</b>	Old slang term for a thief.
<b>Pilcher</b>	The case that determined the tax treatment for crops on land. The full name of the case is <i>CIR v Pilcher [1949] 31TC314</i> . It is discussed in the Inspectors' Manual at BIM35410.
<b>pile</b>	(1) Colloquialism for a large amount of money, in allusion to a pile of bank notes. (2) The underside of a die used to strike coins.
<b>pilfer</b>	Steal, particularly of small amounts on frequent occasions.



<b>pilgrim token</b>	Coin-like item acquired as evidence of a pilgrimage or to gain access to a site of pilgrimage.
<b>pillory</b>	Device for holding head and arms in a fixed position to humiliate a person as a punishment. Such punishment was abolished in 1837. By extension, it applies to any kind of public or workplace humiliation.
<b>pillow talk</b>	Indiscreet talk such as between two lovers in bed.
<b>pilot</b>	Before 6 April 2006 (when the normal pension retirement age was 60), an air pilot was allowed to retire on a full pension at the age of 50.
<b>pilotage</b>	<p>The act of steering a boat, particularly through difficult waters or between structures, or the fee for doing so.</p> <p>Pilotage is generally zero-rated under Value Added Tax Act 1994 Sch 8 Group 8.</p>
<b>piloting purposes</b>	<p>Reasons that justify a new social security scheme being applied in one area before becoming generally available, with the object of seeing how a scheme works in practice and where improvements may be made in its administration.</p> <p>For <b>universal credit</b>, the term is defined in Welfare Reform Act 2012 s41(2).</p>
<b>pilot period</b>	In the film industry, period when new projects are cast, and contracts awarded to actors and technicians.
<b>pilot scheme</b>	<p>Scheme tried out on an experimental basis.</p> <p>Many social security ideas and some tax ideas are tried out in pilot schemes in selected areas or for a selected group of people.</p> <p>For <b>universal credit</b>, the term is defined in Welfare Reform Act 2012 s41.</p>
<b>PIM</b>	Prefix for HMRC's tax manual on property income.
<b>pimp</b>	Person who manages and lives off the earnings of prostitutes.
<b>pinball machine</b>	<p>For VAT purposes, this is regarded as an <b>amusement machine</b> (VAT notice 701/13).</p> <p>Such a machine is specifically excluded from the scope of <b>amusement machine licence duty</b>.</p>
<b>pinch point</b>	Point in a route or system where congestion tends to occur.
<b>PIN entry device (PED)</b>	Device built into a cash dispenser to check that the person withdrawing the money is the card holder. The proposed device comprises a camera with facial recognition software. It was reported to be in development in 2015.

<b>pine-tree shilling</b>	Coin struck in Massachusetts between 1652 and 1684 contrary to English law.
<b>pin money</b>	Money for luxuries (such as hat pins) rather than to sustain ordinary living. In 14 <sup>th</sup> and 15 <sup>th</sup> centuries, these were common bequests in wills. The term came to be used by some to describe earnings by women before Equal Pay Act 1970 came into effect in 1975.
<b>pinniped</b>	Category of animal that includes seals, sea-lions and walruses. The import of the fur or other products of such animals is generally prohibited from 20 August 2010.
<b>PIN number</b>	Personal Identification Number. This is usually a four-digit number which authorises a transaction on a <b>credit card, debit card, cash card</b> or similar. It is an alternative to signing. The term "PIN number" is widely used, even though the N of PIN stands for "number".
<b>pint</b>	<b>Imperial unit</b> of liquid capacity. It is equal to 34.677 cubic inches or 568.26 millilitres. There are 8 pints in a gallon. Milk and certain alcoholic drinks are still sold by the pint.
<b>PIP</b>	<b>(1) Pension input period.</b> <b>(2) Personal independence payment.</b> <b>(3) Protected investment product.</b>
<b>pip</b>	(1) In investment, a small movement in the price of a security, often the smallest measurable movement possible. (2) One of the four symbols used on <b>playing cards</b> . They are the spade, club, heart and diamond.
<b>pipe</b>	(1) Device for holding and smoking tobacco. The tobacco is subject to its own class of <b>tobacco duty</b> . Pipes were themselves subject to excise duty between 1696 and 1699. (2) Cask or butt of wine equal to 105 gallons or 126 US gallons.
<b>pipeline</b>	<b>Definition</b> Means of transferring liquids or gases long distances, including across national borders.  <b>Customs duties</b> There is a specific provision in Customs and Excise Management Act 1979 s3 dealing with customs duties on oil, gas and other items imported by pipeline.  <b>Capital allowance</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.

## Pipeline Adjustment Statement

Document issued by a pipeline operator to the shippers.

## pipe tax

Tax charged between 1696 and 1699 as an addition to tobacco duty on all pipes used for smoking. It was abandoned because it was difficult to collect.

## piracy

In computing, means illegal **file sharing**. The illegality is usually the non-payment of copyright fees.

## pirate

Someone who robs from ships at sea. By extension, the term is used to anyone who acquires or produces property without appropriate authority.

## pirated goods

Goods produced in contravention of laws on **intellectual property**, such as bootlegged films or music. Customs may seize any such goods that a person attempts to bring into the country.

## PIS

Unfortunate abbreviation for **perpetual inventory system**.

## PISA

Programme for International Student Assessment, a programme run by **OECD** in 2000 and in every third year thereafter. It measures the scholastic performance of 15-year old students in member states.

## Piso's justice

Justice that is literally right but morally wrong.

Piso condemned a man to death for murder. Just before the execution, the man who had supposedly been murdered appeared alive. The executioner and the two men went to Piso to explain the position.

He sentenced all three men to death: the convicted man because he had already been sentenced, the executioner for disobeying orders, and the supposed victim because he had caused the death of two innocent men.

Tax law sometimes seems to work on similar principles.

## pistareen

Old Spanish coin worth two reals, that was legal tender in USA.

## piston engine

Internal combustion engine in vehicles that use pistons rather than rotary valves. Before 2002, this distinction was reflected in how company cars were taxed.

## pit

In investment, an area for open outcry in trading.

## Pitcairn Islands

UK Overseas Territory comprising islands in the South Pacific Ocean. It was settled in 1790 by mutineers from the Bounty and their Tahitian companions. The currency is the New Zealand dollar.

## pitch agreement

Lease, agreement or similar arrangement that allows a person to park a **caravan** on a site. The terms of such an agreement can determine the VAT liability for the supply of a site, as explained in VAT leaflet 701/20.

## pitching

In brewing, the re-using of yeast from a previous brew.

<b>pittance</b>	Originally a small additional allowance for food or drink in a religious house. The term is now usually used to mean a derisorily small amount, particularly as payment for services.
<b>Pitt's pictures</b>	Blind windows that had been bricked up to avoid paying <b>window tax</b> . This practice was greatly increased by Pitt the Younger.
<b>PIU</b>	<b>Public Interest Unit</b> , part of the office of the <b>Official Receiver</b> .
<b>PIW</b>	<b>Period of incapacity for work</b> , for payment of statutory sick pay.
<b>pixel</b>	Minute dot which collectively make up a picture on a television screen, video display or similar.
<b>pizazz</b>	In human resources, colloquial term for a combination of flamboyance, panache and vigour. It can also be spelled as pizzazz, pazazz and pazzazz.
<b>pizza</b>	For VAT, the supply of a takeaway pizza is standard-rated as hot takeaway food. The tribunal did not accept that a pizza was only hot as a result of having not cooled down, and could be eaten cold. <i>Domino's Pizza Group Ltd (No 2) [2002] VTD 18866</i> .
<b>PKR</b>	<b>ISO code</b> for Pakistani rupee.
<b>PL</b>	<b>Country prefix code</b> for Poland.
<b>placebo</b>	Substance given to a person who believes it to be medicine. Their belief can have similar curative effects. A placebo is not treated as a medicine for tax purposes.
<b>placement</b>	(1) Finding a permanent job for someone. (2) American term for finding buyers for a new issue of shares. In the UK, this is called a <b>placing</b> .
<b>placement fee</b>	Charge made by an employment agency for finding a permanent employee.
<b>place of acquisition</b>	VAT rules for determining the country where goods have been acquired from another EU member state (Value Added Tax Act 1994 s13).
<b>place of belonging</b>	Country where a supplier or customer belongs. It can determine where services are made and who accounts for any VAT due.
<b>place of business</b>	For tax, "(a) the place where the trade, profession, vocation or business with which the proceedings are concerned is carried on, or (b) if the trade, profession, vocation or business is carried on in more than one place, the head office or place where it is mainly carried on" (Taxes Management Act 1970 Sch 3 para 2(5)).

**place of effective management (POEM)**

Term used to determine the residence of a business for tax purposes.

**place of residence**

For tax, a person's usual place of residence or, if that is unknown, the person's last known place of residence (Taxes Management Act 1970 Sch 3 para 2(4)).

**place of supply**

For VAT purposes this is where a supply is treated as being supplied, or made and is the place where it is liable to pay any VAT.

The rules are given in Value Added Tax Act 1994 s7 for goods, and s7A for services.

**place of trade**

Place from which a person conducts a trade.

**placer**

Superficial deposit from which gold or other valuable minerals may be extracted by washing.

**placing**

In investment, finding buyers for a new issue of shares.

**placita**

Latin: pleas.

**plack**

Old Scottish copper coin worth one third of an English penny.

**Plaid Cymru**

Welsh Nationalist Party.

**plainly unfair**

Grounds on which a tax penalty may be set aside.

A tax penalty cannot be set aside just because it is **harsh**. The point at which a harsh penalty becomes plainly unfair has never been quantified. The matter is difficult to determine from inconsistent decisions from the First Tier Tribunal. An example of where "plainly unfair" succeeded was *Hok Ltd. TC 1286 [2011]*.

**plain old telephone service (POTS)**

Traditional landline telephone service which is used solely for transmitting speech.

**plaint**

Complaint in the form of a written grievance at the start of legal proceedings.

**plaint fee**

Old term for the charge of initiating a legal action.

**plaintiff**

Term used to mean a person who brings a civil action. This is now known as the claimant.

**plain vanilla**

In investment, description of a derivative or security with standard exercise terms and no special clauses.

**plain vanilla contract**

For the purposes of derivatives, this term is defined in Corporation Tax Act 2009 s708.

<b>plain vanilla swap</b>	Interest rate swap where a company with fixed interest borrowings may exchange them for variable rate borrowings.
<b>plan assets</b>	In relation to accounting for an employee benefit plans, “(a) assets held by a long-term employee benefit fund; and (b) <b>qualifying insurance policies</b> . (FRS 102 glossary).
<b>Plan d'Épargne Populaire</b>	French: popular saving plan. Tax scheme introduced in France in 1989 based on the UK <b>personal equity plan</b> .
<b>Plan Green</b>	Unsuccessful tax avoidance scheme. It sought to reduce an employee's income tax liability for car benefit by purchasing carbon credits to set off against the carbon dioxide emission from which the benefit is calculated. The scheme does not work as carbon credits do not affect car benefit. Further details are given in HMRC Spotlight 16.
<b>planned economy</b>	System where the government plans the economy, as in a Communist system. Except in emergencies such as war, no planned economy has worked.
<b>planned obsolescence</b>	Design of a product so that it wears out requiring the buyer to purchase another item from the supplier.
<b>planning</b>	In management accounting, the process of setting objectives, and then selecting and evaluating the strategy and actions to achieve those objectives. It is one of the three traditional functions of management. The other two are control and decision making.
<b>Planning Advisory Service (PAS)</b>	Part of the Local Government Association that provides assistance to local authorities on planning matters. This includes guidance on the <b>community infrastructure levy</b> .
<b>planning blight</b>	Loss of land's value because of proposed plans to develop nearby land, such as house prices which are depressed because of plans to build or develop a nearby airport.
<b>planning contribution</b>	Scheme of allowing planning authorities to collect a sum from developers in their area as an additional source of revenue (Planning and Compulsory Purchase Act 2004 s46).
<b>planning gain supplement</b>	Proposal announced in 2005 to allow local authorities to impose a charge on planning permissions to help fund <b>infrastructure</b> . The plan was dropped in 2007. This was the fifth attempt to introduce such a charge. The first was a betterment charge made under Housing, Town Planning etc Act 1909 which operated before the war. The second was a development charge from 1947 to 1953. The third was a betterment levy under Land Commission Act 1967 which lasted until 1970. The fourth was <b>development land tax</b> which

operated from 1976 to 1985.

This proposal has been abandoned, though some preparatory work was undertaken under the Planning-gain Supplement (Preparations) Act 2007.

### planning permission

Formal agreement by a local authority or planning inspector that allows building and similar works to proceed. Planning permission can be a condition for certain VAT reliefs for construction.

### planning programming budget system (PPBS)

In management accounting, an output-based approach that concentrates on outputs and the resources needed to achieve them.

### plant

#### *As in equipment*

Those items *with* which a taxpayer conducts a trade or other qualifying activity. Such items qualify for capital allowance as **plant and machinery**.

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[Plant comprises] whatever apparatus is used by a businessman for carrying on his business — not his stock in trade which he buys or makes for resale, but all goods and chattels, fixed or movable, live or dead, which he keeps for permanent employment in the business.

*Lindley LJ in Yarmouth v France [1887] 4 TRL 1.*

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[Tax inspectors] may be pardoned for finding anything or almost anything to be or not to be plant and may be justified in making any number, or almost any number, of inconsistent concessions and illogical distinctions.

*Lord Justice Stephenson in Cole Bros Ltd v Phillips [1982] STC 307.*

#### *As in trees and flowers*

Plants that are used for human consumption or as animal feeding stuffs may be zero-rated for VAT under Value Added Tax 1994 Sch 8 Group 1.

Seeds and other means of propagating such plants may also be zero-rated under Group 1 Item 3.

### plant and machinery

#### *Capital allowances*

Fixed assets used for the production of a business's goods. It includes tools, machinery, furniture, vehicles, computers and similar.

Plant and machinery attracts a **capital allowance** for income tax or corporation tax. A distinction is made between equipment *with* which the business operates (which qualifies as plant and machinery), and equipment *in* which a business operates (which is an industrial building). These allowances are set out in Capital Allowances Act 2001 from s11.

#### *Capital gains tax*

For capital gains tax, plant and machinery is always regarded as a **wasting asset** (Taxation of Capital Gains Act 1992 s44(1)(c)).

#### *First year allowance*

Between 27 October 1970 and 31 March 1986, plant and machinery attracted a first year allowance. Between 1972 and 1984, this was at 100%. First year allowances were generally revived at 40% between 1 November 1992 and 31

October 1993, and have been subsequently revived for small companies.

**Oil duty**

"Includes any machinery, apparatus, equipment, pipe or vessel" (Hydrocarbon Oil Regulations SI 1973 No 1311 reg 2).

**plant breeders' rights (PBR)** Another term for **plant variety rights**.

**Plant Health Movement Certificate (PHMC)**

Certificate that may be needed to import certain plants and plant products.

**plant or machinery disposal event**

For the purposes of leasing, this "is an event that would have been a disposal event in relation to the plant or machinery in the case of the lessor on the assumptions in subsection (4)" (Capital Allowances Act 2001 s70YF(7)).

**plant or machinery lease**

Lease for plant and machinery which meets the conditions of Capital Allowances Act 2001 s70K.

**plants**

For VAT purposes, plants are zero-rated if used for human or animal consumption. Other plants, such as those for ornamentation, are standard-rated.

**plant variety rights (PVR)**

Form of intellectual property given to breeders of new flowers or plants. These are governed by the International Convention for the Protection of New Varieties of Plants (UPOV Convention) originally signed in Geneva in 1961 and enacted in UK law in 1964. The current Convention was revised in 1991 and enacted in UK as Plant Varieties and Seeds Act 1997.

This term is used in Customs notice 34, but for other purposes the term **plant breeders' rights (PBR)** is usually preferred.

Customs may seize goods that breach these rights.

**plastic money**

Collective term for credit cards, charge cards, debit cards and other means of payment by a plastic card.

**plate**

(1) Vessels, ornaments and other valuable items that are plated with gold, silver or other precious metal.  
(2) Large dish for collecting money, such as in a church.  
(3) Metal die used for printing the whole or part of a page, or its equivalent in modern printing methods.  
[The words has many other meanings.]

**platinum**

Naturally occurring element which is regarded as a precious metal. It has a white lustre.

As an element it has the atomic symbol Pt and the atomic number of 78. It is widely used in jewellery and as a store of value. Platinum bullion has the ISO currency code of XPT.

Platinum also has some industrial uses such as for electrical contacts



and in emission controllers on car exhausts.

**Platonic relationship**

In psychology, a relationship between two people that is without sensual desire. The term comes from the Greek philosopher Plato (c427BC-347BC) who espoused a philosophy of such relationships.

**platykurtic**

In statistics, description of a flat **distribution curve**.

**plausible**

This now usually means credible or believable. It has previously meant likely or probable. Before that, the word meant deserving of applause.

**play**

**Tax**

For the purposes of theatrical productions tax relief, this may qualify as a **dramatic production** if the conditions are met (Corporation Tax Act 2009 s1217FA(2)).

**Crime**

In connection with criminal law on obscenity in drama, a definition is given in Theatres Act 1968 s18(1)).

**playday**

Old term for a holiday.

**playgroup**

The supply of this service is generally standard-rated for VAT. The Court of Appeal refused to allow a playgroup to zero-rate the element that related to a child's T-shirt in the case *Tumble Tots (UK) Ltd v HMRC. Ch D [2007] STC 1171*.

**playing cards**

Cards designed to be used for playing games. In particular it refers to packs of cards comprising an ace, then each number from 2 to 10, a jack, queen and king in each of four suits: spades, clubs, hearts and diamonds. This gives 52 cards to which one or two jokers may be added.

Playing cards were subject to **playing cards duty** until 1960. This was indicated by either a seal on the pack or an elaborate design on the ace of spades.

Some games played with cards may be subject to **betting and gaming duties**.

**playing cards duty**

Excise duty charged between 1463 and 1960 on packs of 52 playing cards.

**Plaza Agreement**

An agreement in New York in 1985. It led to the devaluation of the dollar and the G5 Group of Nations (later expanded) meeting to discuss international finance.

**plc**

**Public limited company**. Such a company must put the letters "plc" after its name (Companies Act 2006 58(1)) or the Welsh equivalent "ccc". This requirement was introduced in 1980.

**plea**

- (1) Statement of defence in criminal proceedings.
- (2) In Scots law, any law suit.

<b>plea-bargaining</b>	Practice of accepting a lower charge in return for admitting guilt or providing evidence against another person. This is a common practice in the USA.
<b>pleading in the alternative</b>	In law, when a person is allowed to plead two contradicting defences. If one defence is dismissed, the alternative defence may be used.
<b>pleasure craft</b>	In relation to excluded leading activities for venture capital trusts, the term means "any ship of a kind primarily used for sport and recreation" (Income Tax Act 2007 s305(8)). Customs implications are set out in Customs notice 8.
<b>pleating</b>	Process in making a type of skirt. For VAT, pleating of material so that it may only be used to make girls' skirts was sufficient to bring the supply within the scope of zero-rating of children's clothing ( <i>Ali Baba Tex Ltd [1992] STC 590</i> ).
<b>pled</b>	Old form of saying "pleaded".
<b>pledge</b>	In money lending, another words for "pawn".
<b>pledged giving</b>	System by which church or charity members promise to make regular contributions. A taxpayer may make such gifts under <b>Gift Aid</b> that allows the church or charity to recover income tax at the basic rate. Tax at higher rates is reclaimed by the taxpayer.
<b>plene administravit</b>	Latin: administered in full. This is a defence which an <b>executor</b> may use when a claim is made against an estate which has been fully settled and where there are no more assets available to settle further claims.
<b>plenish</b>	Provide with stock. The term is now archaic outside Scotland, though replenish is still in common use.
<b>plenitude</b>	Fullness, completeness, plentifulness.
<b>pleno jure</b>	LatibL with full authority.
<b>plethora</b>	Excessive quantity. The term originally meant having too much blood.
<b>Plimsoll line</b>	Mark on a ship's hull indicating the safest low point in the water to which it may be loaded with cargo. It is named after Samuel Plimsoll MP who pioneered for it. It was introduced by Merchant Shipping (Plimsoll) Act 1876.
<b>PLN</b>	(1) Penalty Liability Notice, a type of notice sometimes issued if an under declaration on tax with a VAT return is made, or inaccurate information is given on the European Sales Lists (ESL). (2) <b>Personal liability notice</b> , which may be served on a director under Social Security Administration Act 1992 s121C(1)(b) in respect of underpaid class 1

national insurance, or (from 6 April 2014) for unpaid PAYE.  
(3) **ISO code** for Polish zloty.

<b>plonk</b>	Cheap wine. The term was originally Australian slang for cheap red wine.
<b>ploughed back</b>	In investment, description of earnings that are retained by the company for its development rather than being paid to investors.
<b>ploughland</b>	Either land that is suitable for ploughing, or the amount of land that can be tilled with one plough.
<b>Plough Monday</b>	The first Monday after 6 January when traditionally farm work resumes after a Christmas break.
<b>PLR</b>	(1) Estate Gazette Planning Law Reports, a series of <b>law reports</b> published since 1988. (2) <b>Public lending right</b> .
<b>PLU code</b>	<b>Price look up code</b> .
<b>plug</b>	In marketing, promote, particularly a song recording by repeated playing on radio.
<b>plug and play</b>	Colloquial term for <b>tax avoidance schemes</b> where standardised documents and transactions are made available for the client to use. All such schemes must be reported to the tax authorities from 1 August 2006.
<b>plum</b>	Large sum of money as a windfall, or the best of something. The term was also once used to mean £100,000.
<b>Plumbers Tax Safe Plan (PTSP)</b>	Scheme run by HMRC from 1 March 2011 to 31 May 2011 to encourage voluntary disclosure of undeclared tax by plumbers, gas fitters and similar. Those who use the scheme incur a lower penalty.
<b>plumbus oscillans</b>	Latin: swinging lead. This term has been known to appear on sick notes to indicate that the person is not really ill.
<b>plummet</b>	Originally a lead weight on a line. By extension, the term is now used to mean a sudden fall, such as in a share price.
<b>plunder</b>	Remove goods by force, pillage; goods so removed.
<b>plunger</b>	In gambling, someone who continues beyond what he or she can afford in the hope that their luck will change.
<b>plural</b>	“In any Act, unless the contrary intention appears, — ... (c) words in the singular include the plural and words in the plural include words in the singular” (Interpretation Act 1978 s6).

<b>plus</b>	Preposition indicating an addition. Mathematically it is represented by the sign +.
<b>plussage</b>	Additional amount added to a figure. [The words can be spelled with a single S.]
<b>plutonium</b>	Radio-active metal element. A licence is needed from the <b>Office of Civil Nuclear Security</b> to import this metal. Customs clearance cannot be obtained without this licence.
<b>ply</b>	Work diligently. The term is now usually restricted to the expression of plying a trade.
<b>PM</b>	<b>(1) Prime minister.</b> <b>(2) Particulate matter.</b> (3) Project management.
<b>pm</b>	Post meridian, the afternoon.
<b>PMA</b>	<b>Plant and machinery allowance</b> , a capital allowance which reduces the sum subject to income tax or corporation tax.
<b>PMA general pool</b>	Value of a business's <b>plant and machinery</b> which is subject to capital allowance which have yet to be given in a tax computation. Each year, new acquisitions are added, disposals are subtracted, and the balance is reduced by the capital allowance for that year. The general pool includes all plant and machinery which tax law does not require to be separately recorded. This includes long-life assets and <b>integral features</b> which have a lower rate of capital allowance.
<b>PMI</b>	(1) Performance market indicator, particularly that provided by the company <b>Markit.</b> <b>(2) Purchasing managers' index.</b>
<b>PNR</b>	(1) For corporation tax, "so much of the profits for the accounting period as do not consist of ring fence profits" (Finance Act 2007 s3). (2) <b>Passenger Number Reference</b> , for airline flights.
<b>POA</b>	(1) <b>Pre-owned assets.</b> (2) Price On Application, indication on a price list that there is no standard price for the item, or that the price is not published for another reason.
<b>poach</b>	Take game or fish by trespassing on land. By extension, it also means to take anything in a devious manner, such as in poaching staff or customers.
<b>poacher</b>	One who poaches. Sometimes the term is used in the context of, for example, tax inspectors being "gamekeepers" while practitioners are the "poachers". In this context, the term "poacher" does not have any connotation of wrongdoing.

<b>POAO</b>	Products of Animal Origin, a product as defined in The Products of Animal Origin (Third Country Imports) (England) Regulations 2002.
<b>POB</b>	<b>Professional Oversight Board</b> , part of the Financial Reporting Council.
<b>POCA</b>	Proceeds of Crime Act 2004.
<b>pochette</b>	Small bag, note-case or wallet.
<b>pocket</b>	(1) To appropriate money, in allusion to slipping it into a pocket. (2) Quantity of wood or wool, roughly equal to half a sack.
<b>pocket judgment</b>	Long obsolete bond under the hand of the debtor and countersigned by the sovereign. It could be enforced without legal process.
<b>pocket money</b>	Money, usually of a small amount, for incidental spending, or a small amount of money given to a child to spend as he or she wishes.
<b>pocket-pistol law</b>	Practice in a court case of quoting a source of law to which the other party does not have ready access. The commonest example is citing a precedent in an unreported case. The term was used by R G C Fane, Commissioner in Bankruptcy, when giving evidence on 27 May 1851 to a Select Committee of Parliament on partnership law. Fane quoted the term as one widely in use. He quoted a case in 1838 when a barrister produced his own notes of an otherwise unreported case which the judge was prepared to accept.
<b>pococurantism</b>	Concern about trifles while indifferent to matters of importance.
<b>Podatek od towarów i usług</b>	Polish: value added tax.
<b>POEM</b>	<b>Place of effective management.</b>
<b>poena</b>	Latin: penalty.
<b>poet</b>	An artist, sculptor, poet, composer or other creator of art may average profits over three years under certain conditions (Income Tax (Trading And Other Income) Act 2005s221).
<b>poind</b>	In Scots law, to distrain or impound property.
<b>point</b>	(1) Unit used in a tally or score. Points are used in several tax provisions, such as in determining whether a film qualifies for tax relief as a British film. (2) In printing, the size of letters where 72-point indicates that the lines of type are <b>inch</b> apart. This does not mean that the letter is one inch high. (3) In investment, a small price movement in a security, also called a pip.
<b>point and figure</b>	In charting for investments, a graph where price changes are indicated without reference to time or volume. The graph indicates whether prices are

rising are falling.

<b>point of no return</b>	Point in an aeroplane flight where the craft has insufficient fuel to return and so must complete its journey. By extension, to any situation where return is no longer possible.
<b>point of order</b>	Question raised in a formal meeting as to whether there is some non-compliance with a rule of procedure.
<b>point of sale</b>	Place and time where a sale is concluded.
<b>point of sale scheme</b>	VAT scheme for retailers. This works by identifying the tax liability of goods and services made at the time of sale. This usually means using a till system that is capable of distinguishing between goods sold at different rates of tax.
<b>poisha</b>	One hundredth of a taka, currency of Bangladesh.
<b>poison pill</b>	Device to thwart a takeover. Typically it triggers a right to make a takeover too expensive. An example is to give bond holders the right of redemption at a large premium.
<b>Poisons Board</b>	Advisory committee, initially established under Pharmacy and Poisons Act 1933. It was reconstituted under Poisons Act 1972 s1(1) from 1978. Its function is to advise the home secretary on matters relating to non-medical poisons.
<b>poke</b>	Archaic term for a bag. This meaning now remains largely in the expression "buying a pig in a poke" which means making a financial commitment without checking what one is receiving in return. This comes from the old trick of offering to sell a valuable pig hidden in a sack which actually contains a cat. This is also the origin of the expression "letting the cat out of the bag". [The word has other meanings.]
<b>poker</b>	Card game that involves gambling. It was invented in 1835.
<b>poker dice</b>	This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of <b>gaming licence duty</b> .
<b>poker face</b>	Expressionless appearance that does not indicate what the person is thinking. The expression comes from the card game poker, where knowing the strength or weakness of a fellow player's hand helps you win.
<b>Poland</b>	East European country that is a member of the European Union. Its currency is the zloty of 100 groszy. The UK has a double taxation convention of 2006.
<b>polarisation</b>	The requirement for a financial adviser to be either 'tied' to one financial product provider, or completely independent. A provision of the Financial Services Act.

<b>Pole</b>	Native of Poland.
<b>pole</b>	Old unit of length equal to 5½ yards.
<b>police</b>	<p>For deaths from 19 March 2014, the estate of a police officer is free of inheritance tax if the death was either in the course of police work or where the person was targeted because of being in the police.</p> <p>The relevant laws are Inheritance Tax Act 1984 ss154A and 155B respectively, both inserted by Finance Act 2015.</p>
<b>Police and Criminal Evidence Act 1984 (PACE)</b>	<p>Law that provides a legislative framework for police investigations of crime. It replaces the previous judges' rules. It deals with such matters as police powers of search, interviewing suspects, custody provisions and the handling of evidence. The Act has been significantly amended by Serious Organised Crime and Police Act 2005.</p> <p>PACE extends to other forms of criminal investigation and can therefore apply to tax officers investigating criminal tax offences.</p> <p><b>PACE codes of practice</b> have been issued under the Act.</p>
<b>police organisation</b>	<p>"Means an organisation of persons in police service" (Income Tax Act 2007 s458(5)).</p> <p>Payments to such a body are tax-deductible to the extent that they relate to superannuation, life insurance or funeral benefits.</p>
<b>policy</b>	<p>(1) Statement of what action should be taken in defined circumstances. There are specific provisions for <b>accounting policies</b>.</p> <p>(2) Contract of insurance, setting out the terms of cover.</p>
<b>policy cost</b>	Fixed cost or overhead which is created by a policy of the organisation's management.
<b>policy document</b>	Document that evidences a contract of insurance.
<b>policyholder</b>	The person or organisation who owns an insurance policy.
<b>policy holder participation fund</b>	"A fund in the case of which an amount equal to the amount shown in line 34 of Form 58 for the fund is allocated to policy holders for the relevant period" (Income and Corporation Taxes Act 1988 s444AJ(8)).
<b>policy loan</b>	Loan granted by a life assurance company to a policy holder. The amount is typically up to 90% of the whole life or endowment policy.
<b>policy reserves</b>	Amount of the funds that a life insurance company holds specifically for fulfilment of its policy obligations.
<b>policy term</b>	Period of time for which an insurance policy provides coverage.

<b>political</b>	A body is political if it “campaigns for or against legislative and constitutional changes or campaigns in local and central government elections” (VAT leaflet 701/5).
<b>political discrimination</b>	Discrimination because of a person’s political views. It is illegal in Northern Ireland, but not in Great Britain.
<b>political donation</b>	Donation to a political party, political organisation or candidate in any election. Companies must declare such donations under Companies Act 2006 ss362-379. If the donations exceed £5,000 in any 12-month period, the donation must be authorised by its members.
<b>political economy</b>	Old term for the study of <b>economics</b> .
<b>political expenditure</b>	Expenditure by a company on activities or literature of a political body or candidate in an election (Companies Act 2006 s365). In general, such expenditure is not allowed as a tax deduction, as discussed in the Inspectors’ Manual at BIM42528. A leading case is <i>Boarland v Kramat Pulai Ltd [1953] 35TC1</i> .
<b>political fund</b>	Fund operated by a trade union to support a political party (usually Labour). It may be collected from workers as an addition to his union dues, but no worker can be compelled to contribute. Such donations are regulated by Trade Union and Labour Relations (Consolidation) Act 1992 ss71-108.
<b>political fund exemption notice</b>	A notice which a worker may serve on his trade union requiring the union no longer to deduct sums for its political fund. The wording is given in Trade Union and Labour Relations (Consolidation) Act 1992 s84.
<b>political levy</b>	A sum collected by trade unions in addition to the normal <b>trade union dues</b> . The political levy is passed to a political party supported by the trade union, which is almost always the Labour party. If the employer operates the <b>check-off</b> system for collecting trade union dues from wages, the political levy may also be collected. A trade union member has the right not to pay this levy under Trade Union and Labour Relations (Consolidation) Act 1992 s86. An employee who believes that the political levy is being deducted from his pay unlawfully may make a complaint to the employment tribunal.
<b>politically-exposed person</b>	“Means a person who is — (a) an individual who is, or has been, entrusted with prominent public functions by an international organisation or by a State other than the United Kingdom or another EEA state, (b) a family member of a person within paragraph (a), (c) known to be a close associate of a person within that paragraph, or (d) otherwise connected with a person within that paragraph. (Proceeds of Crime Act 2002 s362B(7) as inserted by Criminal Finances Act 2017 s1).



The matter can be determined according to EU guidance in a directive for **politically-exposed persons**.

**politically-exposed persons (PEPs)**

“People at a higher than usual risk of corruption due to the political positions they hold, such as heads of state, members of government, supreme court judges, and members of parliament, as well as their family members” (European Commission press release on anti-money laundering Directive 2015/849/EU of 20 May 2015).

Additional measures may need to be put in place for financial dealings with such persons.

**political organisation**

Political party, independent candidate in an election, or any body which seeks to influence how people vote in an election or referendum (Companies Act 2006 s363(2)).

**political parties**

Organisation that is formed for supporting candidates in political elections.

Donations to a political party are exempt from inheritance tax provided that, at the last general election, the party either had two MPs elected, or had one MP elected and received at least 150,000 votes for all its candidates (Inheritance Tax Act 1984 s24).

A company must obtain shareholder approval to make a donation of more than £5,000 in a year to a political party (Companies Act 2006 s378).

An employee who belongs to a trade union may elect not to pay a levy to a political party (Trade Union and Labour Relations (Consolidation) Act 1992 s86).

**politicians**

Various special provisions apply to expenses of **MPs**.

**poll tax**

(1) A fixed fee on all men and women except beggars charged between 1377-1381, originally imposed at 4d a person.

Higher rates applied for people esquires and those of higher standing. In 1380, the rate was increased to one shilling for everyone except beggars. It led to Peasants Revolt of 1381. The tax was revived in 1513.

(2) Three taxes imposed in 1660, 1666 and 1677/78. These taxed social position, professional status, real and personal property, and the newly emerging hackney carriage. Further impositions were made between 1689 and 1698 by which time it assessed status rather than persons. A poll tax was suggested in 1758 but not levied.

(3) The name commonly given to the **community charge**.

**pollution of controlled waters**

In relation to corporation tax relief for remediation of contaminated land, this term is defined in Corporation Tax Act 2009 s1179.

**polyandry**

Having more than one husband. The law is the same as for **polygamy**.

**polygamy**

Having more than one wife. A person who goes through a ceremony of marriage knowing that he or she is already married commits the crime of **bigamy**.

UK law only recognises a marriage to one person at a time (*Hyde v Hyde*

[1866]). It is an offence for a British person to contract a polygamous marriage even in a country which permits it.

In other countries, polygamous marriages are permitted. If the parties to a polygamous marriage come to the UK, the law generally recognises the first husband or wife as such. However, there are some provisions which allow recognition of other husbands or wives for such areas as social security benefits, though the law is complex.

For tax purposes, a wife in a polygamous marriage is still a wife, so any tax allowance in relation to a wife may be claimed for her (*Nabi v Heaton. CA [1983] 57 TC 292*).

<b>pomace</b>	Crushed apples as used for cider making.
<b>pons asinorum</b>	Latin: asses' bridge. A severe test for a beginner.
<b>pontage</b>	(1) Toll paid to cross a bridge. (2) Tax charged to pay to repair a bridge.
<b>pontoon</b>	Card game which is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of <b>gaming licence duty</b> .
<b>Ponzi fraud</b>	Investment fraud where supposedly high returns are simply paying early "investors" from money from later investors. It is named after Charles Ponzi who engaged in the practice. In 1919 he promised to double investors' money within 90 days.
<b>pony</b>	(1) Slang for £25. (2) Small horse, usually less than 14.2 hands high.
<b>pood</b>	Russian weight equal to about 36 pounds.
<b>poof</b>	Perjorative term for a homosexual.
<b>Pooh-Bah</b>	Someone who holds several offices at once; someone who is full of his own importance. The term comes from a character in <i>The Mikado</i> , an operetta by Gilbert and Sullivan.
<b>pool</b>	<p><b>Definition</b></p> <p>Collection of items viewed as a single resources.</p> <p>Examples include:</p> <ul style="list-style-type: none"><li>• a repository of money from different sources.</li><li>• a car pool, where no vehicle is allocated to a specific employee, so that tax is not payable on the car benefit,</li><li>• a typing or secretarial pool for general clerical duties.</li></ul> <p><b>Capital allowances</b></p> <p>Balance of plant and machinery from which the annual writing down allowance may be determined.</p> <p>Under Capital Allowances Act 2001 s54(1), there are three types of pool:</p> <ul style="list-style-type: none"><li>• <b>single asset pool</b></li><li>• <b>class pool</b></li></ul>

- **main pool.**

For the class pool and main pool, the **written down value** from the previous year is brought forward. The value of new assets is added (less any **first year allowance**), the value received for the disposal of an asset is subtracted, a percentage is then calculated of the balance which is claimed as the capital allowance. This figure is then subtracted from the balance in the pool to give the written down value for the following year.

### *Gambling*

Money collected from many bets.

### *Swimming pool*

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

### **pool betting**

Form of gambling where the prize money is a share of the sum staked (Gambling Act 2005 s12). This figure is usually after the organiser's commission has been deducted.

Customs notice 147 makes clear that this includes when:

- the winners share the stakes paid;
- the winners share a fixed amount; or
- the winnings are at the discretion of the promoter or some other person.

The betting must not be at fixed odds. Pool betting usually means the football pools, but it can extend to other forms of betting, including fantasy football competitions.

The Tote (Successor Company) Ltd held the exclusive licence to offer pool betting in respect of horse racing in Great Britain, until mid-2018.

Such betting is subject to **pool betting duty**. It requires a licence from the **Gambling Commission**.

### **pool betting duty (PBD)**

Tax charged on **pool betting**. It is calculated as 15% of net pool betting receipts (or gross profit). In Customs notice 147, these receipts are calculated as:

$$\text{Receipts} = S + E - W$$

where S is total stakes,

E is total of expenses and profits and

W is winnings.

All figures must relate to the same period.

The tax is charged under Betting and Gaming Duties Act 1981 s6 as amended.

Rates of duty for previous periods are given in the table below.

From	Rate
<b>31 March 2002</b>	15%
<b>28 March 1999</b>	17.5%
<b>5 May 1996</b>	26.5%

<b>3 December 1996</b>	27.5%
<b>6 April 1990</b>	40%
<b>1 April 1982</b>	42.5%
<b>30 October 1981</b>	40%

Before 1 April 1982, the rate was 33⅓% if licensed under Pool Competition Act 1971.

Payment of the duty is usually allowable as a deductible expense for corporation tax (Corporation Tax Act 2009 s138).

- pool betting licence** Licence issued by Gambling Commission to someone who provides facilities for pool betting (Gambling Act 2005 s65(2)(d)).
- pooled car** Car provided by an employer for business use only. Ordinarily an employee is not assessed to tax on the benefit of using such a car (Income Tax (Earnings And Pensions) Act 2003 s167).
- pooled investment fund** Means to bring together the investments of many people or organisations and using the combined funds to obtain economies of scale and investment management skills not available to individuals. Examples include unit trusts, investment trusts, etc.
- pooled van** Van provided by an employer for business use only. Ordinarily an employee is not assessed to tax on the benefit of using such a van (Income Tax (Earnings And Pensions) Act 2003 s168).
- pooling risk** Minimising risk by spreading it, such as by underwriting one tenth of the risk in ten insurance policies rather than underwriting the risk in the whole of one policy.
- pool table** This is specifically excluded from the scope of **amusement machine licence duty**.
- poor** Lacking in wealth or assets.
- poor-box** Box to collect money to help the poor.
- poor-house** Building that accommodates poor people.
- poor law** Laws which regulated relief from poverty provided between 1601 and 1948. A common theme was to classify poor people as deserving or undeserving. The former victims of misfortune should be helped, while the latter were lazy and should not be helped.  
From 1552, parishes collected details of their poor. Magistrates provided piecemeal assistance in the form of work and grants. The Poor Law Act 1601 formalised the procedure of supporting the **impotent poor** and making the able-bodied work, mainly in the **workhouse**.  
With variations, this system continued under a Royal Commission of 1832 into the poor law. This concluded that the poor law itself was becoming

a cause of poverty, leading to the Poor Law Amendment Act 1834. This made workhouse conditions harsher as a means of encouraging the able-bodied to take work. As welfare provisions were introduced between 1906 and 1914, the poor law became less relevant. Workhouses were abolished under Local Government Act 1929. Other elements of poor law were transferred to local authorities before their final abolition in 1948.

<b>poor-rate</b>	The original <b>rates</b> charged by a local authority to raise funds for the poor.
<b>poortith</b>	Scottish term that means poverty.
<b>Pooterism</b>	Being conventional and unimaginative. The term comes from the character Charles Pooter in <i>Diary of a Nobody</i> by G and W Grossmith.
<b>POP</b>	<b>Permanent overpayment.</b>
<b>pop</b>	Old slang meaning to pawn.
<b>popcorn</b>	For VAT purposes, unsweetened popcorn is zero-rated food; sweetened popcorn is standard-rated confectionery. This was determined in the old purchase tax cases of <i>C &amp; E v Clark's Cereal Products Ltd [1968] 3 All ER 778</i> and <i>C &amp; E v Popcorn House Ltd [1968] 3 All ER 782</i> .
<b>Pope</b>	Head of the Roman Catholic church. The term is also used for other patriarchs.
<b>poplar</b>	Tree widely used for <b>short rotation coppices</b> , for which there are some special tax provisions.
<b>poppy</b>	Red flower, and the emblem widely worn in the first half of November to remember those who died in war. The symbol was adopted from the poppies that grew in Flanders where many died.
<b>Poppy Day</b>	Another name for Remembrance Day when <b>poppies are worn</b> .
<b>population</b>	(1) In economics, the residence of an area such as a country. (2) In statistics, the number of items from which a selection may be made.
<b>populism</b>	Policy of doing what is popular rather than what is right or necessary.
<b>pork barrel</b>	Political practice of spending money on a locally popular item rather than on more important items.
<b>pork belly</b>	Pork as a <b>commodity</b> unit.
<b>pornographic material</b>	In relation to protection of children using the Internet, this is defined in Digital Economy Act 2017 s15.
<b>pornography</b>	Description or images of an indecent nature. Imported pornographic material may be seized by Customs if it could not legally be produced in the UK.

Under Digital Economy Act 2017 s14, it is an offence to make pornographic material commercially available in a way that makes it normally accessible by someone under 18.

**port**

*Customs duties*

Place where goods may be legally offloaded from ships.

The port must be approved under the provisions of Customs and Excise Management Act 1979 s19.

*Liquor*

Alcoholic drink made from blending wine with spirits. It is an exception to some of the rules regarding the blending of liquors (Alcoholic Liquor Duties Act 1979 s71(2)).

*Other meanings*

Left side of vessel when facing forward.

**portability**

Ability to move something. It applies to financial products such as mortgages, when it means that a mortgage can be transferred on the same terms to a new property.

**portable drive**

Hard disk in a case which can be connected to a computer for the access to large amounts of data. It is also used for security, as it avoids the need to keep sensitive data in a computer.

**Portakabin**

Trade name for a portable structure that can be used as, for example, a temporary office.

**portcullis**

Lattice-work device that can be lowered to block an entrance such as to a castle. The term was also used to describe an Elizabethan silver halfpenny that had this design on its reverse. A portcullis is also used as a symbol for the House of Commons.

**110 porter**

Type of dark beer, subject to **beer duty**. Historically the term has been used for other meanings.

**portfolio**

Collection of investments or similar viewed as a single entity. The term originally referred to a case or pair of boards for holding loose papers.

**portfolio management**

Buying and selling shares with a view to making a profit.

**portfolio theory**

Basis which an investor or their broker adopts for investing for a particular client.

**portion**

In executorship, this word has a specific meaning of the part of the estate left to a child or person to whom another stands in **loco parentis**.

**portioner**

In Scots law, the holder of a small feu that was originally part of a greater one.

<b>Portillo, Michael</b>	English Conservative politician (1953- ) who was Shadow Chancellor from 1 February 2000 to 18 September 2001.
<b>portrait</b>	in computing, the orientation of a page so the longer side is vertical. The alternative is called landscape.
<b>Portugal</b>	European country which is a member state of the European Union, which includes the Azores and Madeira. Its currency is the euro of 100 cents. The UK has a double taxation convention of 1968.
<b>POS</b>	Abbreviation: point of sale.
<b>position</b>	Financial holdings with an institution, particularly holdings of a client with a <b>stockbroker</b> .
<b>position audit</b>	General review of a business, particularly the elements which are not financial in themselves but impact on the finances. A position audit may consider such matters as product mix, marketing, fulfilment, customer service, management, workforce satisfaction and return to shareholders.
<b>positioning gap</b>	In marketing, an area or means by which a product or organisation can achieve sales without competition. Such a gap may be found from a <b>perceptual map</b> .
<b>position limit</b>	In investment, the maximum position that may be held by one person or organisation in an instrument in that market.
<b>positive</b>	Certain; not negative; greater than zero.
<b>positive carry</b>	Deal where the cost of finance is less than the overall return.
<b>positive discrimination</b>	Policy of favouring certain categories of people who are otherwise seen as disadvantaged, such as women, blacks or the disabled. In the USA, such policy is usually called <b>affirmative action</b> . Positive discrimination is generally illegal in the UK as it is still discrimination. There are some exceptions. For example, Race Relations Act 1976 s38 allowed for separate workplace training for particular racial groups. The 1998 <b>Good Friday Agreement</b> in Northern Ireland requires the police force there to recruit equal numbers of Catholics and Protestants.
<b>positive externalities</b>	Beneficial consequences enjoyed outside an organisation deriving from activity with an organisation.
<b>positive goodwill</b>	The normal goodwill where a business has a value greater than its net assets.
<b>positive licensing</b>	Scheme of <b>licensing</b> which requires a person to have a licence to do something such as to drive a car or sell alcohol.

<b>positive sign</b>	The plus sign represented as +
<b>positive yield curve</b>	Graphic representation of when the yield on a short-term investment is greater than that on a long-term investment.
<b>possess</b>	Have custody of.
<b>112possessio civilis</b>	Latin: civilian possession.
<b>possession</b>	<p>Having physical custody even though you may not own the goods.</p> <p>Strictly speaking <b>ownership</b> is having a legal title to the goods whereas <b>possession</b> is having custody. So if A lends a book to B, A is the owner and B is the possessor. However these terms tend to be used more loosely in everyday parlance.</p> <p>Legal rights attach separately. For example, the right to sell generally vests in the owner, but any theft of the goods is generally from the possessor.</p> <p>For Customs purposes, duty may be charged on possessions of travellers. Customs notice 3 says "generally speaking, 'possession' means 'to have' rather than 'to own'".</p>
<b>112possessio naturalis</b>	Latin: natural possession.
<b>possessions</b>	<p>In relation to overseas income, the term means any source of income that is not within the definition of securities.</p> <p>Such income was taxed under Schedule D Case IV.</p>
<b>possessive</b>	Attitude of being unwilling to share or sell one's possessions.
<b>POS safe</b>	<p>Safe for use with point of sale equipment.</p> <p>The safe is designed to be robust yet portable. It has two sets of keys. One set opens the safe, while the other allows it to be locked into position.</p>
<b>possible</b>	Description of something that may happen, but may not be likely. It is a condition of a contract that performance is possible.
<b>possible future repayment</b>	<p>The possibility that a trader may have to refund money received from a customer.</p> <p>This in itself is not sufficient to justify excluding the payment from taxable income. This was established in <i>Smart v Lincolnshire Sugar Co Ltd [1937] 20TC643</i> and is discussed in the Inspectors' Manual at BIM40085.</p>
<b>post</b>	<p><b>Postal services</b></p> <p>Mail received or in transit.</p> <p>"Where an Act authorises or requires any document to be served by post (whether the expression "serve" or the expression "give" or "send" or any other expression is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been delivered at the time at which the letter would be delivered in the ordinary course of post" (Interpretation Act 1978 s7).</p>



**Other meanings**

- (1) Assign a transaction to the correct accounts in the bookkeeping system.
- (2) Position in an organisation.
- (3) A pole or similar that marks the end of a horsetrack.
- (4) A prefix meaning "after".

<b>post '97 COSR rights</b>	"A member's rights derived from being a contracted out member of a scheme contracted out on a salary related basis, or after 6 April 1997 and any post '97 COSR rights or post '97 protected rights which have been transferred to the scheme from a COSR scheme, COMP/COMPSP scheme, COMB scheme or APP/APPSP scheme, but excluding any rights derived from additional voluntary contributions paid for the member, ie section 9(2B) rights as defined in Regulation 1 of the Occupational Pension Schemes (Contracting-Out) Regulations 1996" (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).
<b>post-2002 period of account</b>	Accounting period of an insurance company which started after 31 December 2002 and ended after 8 April 2003 (Income and Corporation Taxes Act 1988 s444AH(3)). This is used in determining the tax liability for a life insurance company when there has been a <b>demutualisation transfer surplus</b> .
<b>post a credit</b>	Enter a credit item in a book of account.
<b>postage</b>	Charge made for conveying packages by post.
<b>postage stamp</b>	Adhesive document which is attached to a document to indicate that postage has been paid. It was also once used to indicate payment of <b>stamp duty</b> . In the UK, such stamps must bear the image of the monarch, and be issued under conditions now set out in Postal Services Act 2011 s62.
<b>postal</b>	Pertaining to services of collecting, sorting and delivering mail.
<b>postal account</b>	Description of a bank or building society where all transactions are done by post. Such accounts have now been largely replaced by online banking.
<b>postal administrative order</b>	Order of a court requiring a <b>universal service provider</b> of postal services to be run by a person appointed by the court (Postal Services Act 2011 s68).
<b>postal administrator</b>	Person who runs a <b>universal service provider</b> of postal services under the provisions of Postal Services Act 2011 s72.
<b>postal infrastructure</b>	"Includes both physical infrastructure (such as letter boxes) and infrastructure in non-physical form (such as information relating to postcodes and addresses or arrangements made with others for the provision of any service)" (Postal Services Act 2011 s50(3)).
<b>postal operator</b>	"Means a person who provides — (a) the service of conveying postal packets from one place to another by post, or

(b) any of the incidental services of receiving, collecting, sorting and delivering postal packets”  
(Postal Services Act 2011 s27(3)).

**postal packet**

“Means a letter, parcel, packet or other article transmissible by post”  
(Postal Services Act 2011 s27(2)).

**postal services**

“Means —  
(a) the service of conveying postal packets from one place to another by post,  
(b) the incidental services of receiving, collecting, sorting and delivering postal packets, and  
(c) any other service which relates to, and is provided in conjunction with, any service within paragraph (a) or (b)”  
(Postal Services Act 2011 s27(1)).

**Postal Services Commission**

Body that is now abolished by Postal Services Act 2011 s64.

**postal union**

Agreement between the post offices of major countries to carry each other's mail.

**post and pray**

American term for job recruitment where a position is advertised and it is hoped that good candidates reply.

**post-acquisition benefits from securities**

For employment income, there are specific tax provisions in Income Tax (Earnings And Pensions) Act 2003 from s447.

**post-acquisition profit**

Profit earned by a business after it has acquired another.

**post-acquisition**

Description of trading, profits or similar after a business has acquired another.

**post-balance sheet event**

Event that happens between the end of an accounting period and the approval of the accounts for that period.

The tax implications of such **hindsight** are discussed in the Inspectors' Manual at BIM38560.

**postal charge template**

Temple with two long rectangles cut in it. Postal packages can be inserted into these holes to see whether the package is a letter or large letter.

**postal order**

Document used to send money through the post.

A postal order is bought for any amount up to £250 at a post office. The amount payable is the face value plus a fee, previously known as **poundage**. Postal orders are preprinted in various amounts where odd sums are added by affixing postage stamps. Post orders can be redeemed for the face value by the recipient at the post office in UK or more than 40 other countries.

The postal order is completed in a way similar to a cheque, and can have the same **crossings**. It has the advantage that neither the sender nor recipient need have a bank account.

- post balance sheet event** Event that happens after the date of the balance sheet. If the event happens before the accounts are signed and is significant, it must be disclosed in a note to the accounts.
- post-cessation** There are special tax provisions for income received and expenses incurred after a trade has ceased.  
Broadly, income is taxed but not as trading income.  
From 29 November 1984, post-cessation expenses may generally be offset against post-cessation income.
- post-cessation property relief** Tax relief which may be available for payments made in connection with a property business which has ceased trading (Income Tax Act 2007 s125).
- post-cessation receipts** Corporation tax provisions are given in Corporation Tax Act 2009 from s188. The term is defined in s190 and s282. Their charge to tax is given from s280.  
For income tax, details are given in Income Tax (Trading and Other Income) Act 2005 from s241. A definition is given in s246.  
For property businesses, the tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s349. A definition is given in s353.
- post clearance demand note (PCDN)** Notice issued by HMRC for customs duty and VAT that had cleared Customs for a duty-free purpose (such as under inward processing relief) but had subsequently become dutiable.
- post-commencement pension in payment** "Means a pension to which a person became (actually) entitled on or after 6<sup>th</sup> April 2006" (Finance Act 2004 s220(2)).
- postcode** Combination of letters and numbers that indicates an address. For residential properties, one postcode may apply to about ten properties. It is seen as an essential part of the address, though mail will be delivered without a postcode.  
In the UK, they were introduced from 11 October 1959. Codes were introduced nationally between 1967 and 1974.  
London had been split into compass points such as E for East in 1857, which were made more specific, such as E4, in 1917. Similar arrangements were introduced for other cities in 1934.  
A postcode comprises in order:
  - one or two letters denoting the main town or area
  - one or two numbers, sometimes with a letter, denoting a division within that area, followed by a space
  - randomly chosen number and letters to indicate the location within that division.The resulting postcode has between five and eight characters.  
For example, Buckingham Palace has the postcode SW1A 1AA. This denotes part of South West London.  
The equivalent in the USA is called a zip code.

**post-commencement period** *Leasing*

In relation to leases of plant and machinery, the term means “so much of the period of the lease as begins with the commencement of the term of the lease” (Capital Allowances Act 2001 s70YF(3)).

*Ring fence profits of the oil industry*

“Means an accounting period beginning on or after 1 January 2006 —

(a) which is the **commencement period**, or

(b) which ends after the commencement period”

(Corporation Tax Act 2010 s309(1)).

**post-commencement period of account**

In relation to capital allowances for plant and machinery subject to a lease and finance leaseback, “means any period of account ending on or after 6<sup>th</sup> December 2006” (Finance Act 2007 Sch 5 para 17(6)).

**post-commencement rental**

In relation to capital allowances for plant and machinery subject to a lease and finance leaseback, “means —

(a) any amount receivable on or after 6<sup>th</sup> December 2006 in respect of any period beginning on or after that date, or

(b) the appropriate fraction of any amount receivable on or after that date in respect of any period beginning before, and ending on or after, that date,

but does not include any amount received before that date”

(Finance Act 2007 Sch 5 para 17(6)).

**post-commencement supplement provisions**

In context, “means this section and sections 323 to 329” (Corporation Tax Act 2010 s321(4)).

**post-completion audit**

In management accounting, a review of the results of a project compared to the expectations in the original proposals.

**postdated**

Given a later date, usually on a cheque. Such a cheque may not be paid in until that later date.

Postdating does not affect the validity of the **cheque** or **bill of exchange** (Bills of Exchange Act 1882 s13(2)).

**postdated cheque**

It is permissible to pay tax with a postdated cheque. A penalty may be imposed if the postdating results in payment after the due date.

A covering letter should be sent with the cheque drawing the postdating to the attention of HMRC, to avoid any attempt to pay it in immediately.

**post-1 December 2004 loss**

In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s795.

**post-1 December 2004 part**

In relation to the sale of occupation income, this term has a specific meaning in Income Tax Act 2007 s795(2).

- post-employment benefits** In accounting, "employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment" (FRS 102 glossary).
- post-employment benefit plan**  
"Formal or informal arrangements under which an entity provides **post-employment benefits** for one or more employees" (FRS 102 glossary).  
Any plan designed to confer a benefit on former employees. FRS 102 section 9.12 states that such a plan is not be accounted for as a **special purpose vehicle**.
- post-employment earnings** "Means so much of any amount received after the **former employee** has ceased to hold the **former employment** as constitutes general earnings for the purposes of the employment income Parts"  
(Income Tax (Earnings And Pensions) Act 2003 s563).  
The PAYE provisions are given in PAYE regulations SI 2003 No 2682 from reg 37.
- post-employment notice pay** In relation to termination pay, this term is defined in Income Tax (Earnings and Pensions) Act 2003 s402D as inserted by Finance (No 2) Act 2017 s5(3)).
- post-employment notice period**  
In relation to employment termination pay, "is the period —  
(a) beginning at the end of the last day of the employment, and  
(b) ending with earliest lawful termination date".  
(Income Tax (Earnings and Pensions) Act 2003 s402E(5)).
- post-entitlement enhancement**  
In relation to pension funds, "is an increase in the annual rate of a scheme pension under the arrangement, at a time after the member has become entitled to the scheme pension" (Finance Act 2004 s236A(2)).
- poster**  
For VAT purposes, a poster is not within the scope of books and therefore is not zero-rated under Value Added Tax Act 1994 Sch 8 Group 3, according to VAT notice 701/10.  
However zero-rating was allowed to a quarterly publication of a 32-page magazine called *Just Seventeen Posters* which consisted almost entirely of posters that could be displayed when the magazine was unstapled. It was held to be within the ordinary meaning of a zero-rated "periodical" despite having little text (*EMAP Consumer Magazines Lyd [1994] VTD 13322*).
- poste restante**  
French: remaining post.  
Arrangement whereby letters are delivered to a post office for collection by addressee.
- post-free**  
Arrangement whereby the postage for mail is paid by the addressee and not the sender. It is sometimes used for marketing.  
Post-free supplies are sometimes used to avoid VAT on zero-rated goods. For example a £20 book subject to £2 postage would incur 40p VAT on

the postage charge, whereas a book sold post-free for £22 incurs no VAT.

<b>postgraduate</b>	Student in education having obtained a degree. Postgraduates often study for a doctorate. From 2019, employers must deduct the cost of postgraduate loans through the payroll.
<b>postgraduate loan (PGL)</b>	<p>Student loan for a postgraduate degree (such as Masters or Doctor).</p> <p>It is introduced from April 2019. Affected employees repay the loan at 6% of incomes above a threshold, initially set at £21,000. Income is decided on the same basis as for other student loans.</p> <p>If the employee has a Plan 1 or Plan 2 <b>student loan</b> in respect of a first degree, the postgraduate loan must also be repaid.</p> <p>Postgraduate loan repayments are started by form PGL1 and stop on receipt of form PGL2.</p>
<b>post-grant contravention</b>	Where a person who is has a limited right to rent continues to rent property after that right has expired (Immigration Act 2014 s22(10)).
<b>posting</b>	<p>(1) In bookkeeping, the recording of a transaction in the financial records.</p> <p>(2) In employment, a new job for an employee, particularly in a different location.</p>
<b>post-insolvency credit</b>	Term defined in Finance Act 2008 s131 in relation to the restriction of HMRC to <b>set-off</b> a tax liability when an insolvency has started.
<b>postliminy</b>	Old legal term for the right of an exile to resume his or her former status when returning to their native land.
<b>post litem motam</b>	Latin: after litigation has been contemplated.
<b>postmark</b>	Embossed design printed over a stamp, thereby preventing its further use, as part of the process of delivering the mail. A postmark can also replace the stamp when a franking machine or other bulk mailing arrangement is used.
<b>post meridian</b>	After midday, afternoon. Widely abbreviated to pm.
<b>post mortem</b>	<p>Latin: after death.</p> <p>The term is widely used to mean a post-mortem examination of a dead body.</p>
<b>postnominal letters</b>	Letters a person is entitled to put after his or her name, also known as <b>designatory letters</b> .
<b>post-nuptial</b>	<p>After the marriage, as in a settlement between a married couple regarding what should happen to their property should they separate.</p> <p>A court may be guided by such an agreement, but is not bound by it.</p>
<b>post obit</b>	<p>Latin: after decease.</p> <p>Agreement to pay a larger sum on the death of the borrower than if he</p>

were still alive.

<b>post office</b>	<p>“Means any premises or vehicle in the United Kingdom from which postal services, or services provided under arrangements with a government department, are provided directly to the public” (Postal Services Act 2011s15(1)).</p> <p>It is possible to pay self-assessment tax at a post office by cheque, cash or debit card. A cheque is made payable to Post Office Ltd. HMRC treats such a payment as an electronic payment.</p>
<b>Post Office company</b>	<p>A company “engaged in the provision of post offices”, or has been a subsidiary or a member of a group of a relevant company, or is otherwise so designated by the Secretary of State (Postal Services Act 2011 s6).</p>
<b>post office network</b>	<p>Network of post offices run by a <b>Post Office company</b>.</p> <p>The company must make an annual report of its network (Postal Services Act 2011 s11).</p>
<b>Post Office Savings</b>	<p>Any savings scheme that may be bought at a post office.</p>
<b>post-policy holder surplus</b>	<p>Term used in Income and Corporation Taxes Act 1988 s444AJ in relation to taxation of life assurance companies.</p>
<b>postpone</b>	<p>Defer to a later date with the intention that the matter should still be dealt with and in the same manner.</p>
<b>postponed accounting</b>	<p>For VAT, arrangement whereby imported goods are not taxed on import but when the next VAT return is submitted. This gives a cashflow advantage to the importer.</p>
<b>postponed debt</b>	<p>In Scottish insolvencies, a debt that ranks after other debts, as set out in Bankruptcy (Scotland) Act 1985 s51.</p>
<b>postponed entry</b>	<p>Delay in the importation of goods. The Customs implications are set out in Customs and Excise Management Act 1979 s37B.</p>
<b>post purchase costs</b>	<p>Costs incurred after a purchase has been made, particularly of capital expenditure on a fixed asset which is designed to reduce costs.</p>
<b>post-return enquiry</b>	<p>Enquiry into a tax return by HMRC after its submission.</p>
<b>post-shipment declaration</b>	<p>A full statistical export declaration submitted to the CHIEF system after goods have been exported. A post shipment declaration is required following the export of goods under the Simplified Declaration Procedure (SDP) and Local Clearance Procedure (LCP).</p>
<b>post-step 1 amount</b>	<p>In relation to overseas pensions, this term is used in Income Tax (Earnings and Pensions) Act 2003 s574A(6) as inserted by Finance Act 2017 Sch 3.</p>

<b>post term</b>	<p>Abbreviation of post terminum, Latin: after the term.</p> <p>The return of a writ after the term, and for the fee that is then payable for its being filed.</p>
<b>postulate</b>	<p>Something which is taken for granted until a contrary position is assumed. It is also known as a rebuttable presumption.</p> <p>Auditing was once seen as being based on postulates. For example, an auditing postulate assumed that the preparer of accounts was honest but fallible. So an auditor would look for mistakes but not fraud.</p>
<b>post-war credits</b>	<p>Additional tax imposed during the war to be refunded to taxpayers afterwards. They were introduced by Finance Act 1941 s7 by reducing tax allowances. They were repaid under Income Tax (Repayment of Post-War Credits) Act 1959 in stages until 1973. In 1996, it was stated in Parliament that £33 million remained unclaimed.</p> <p>Under Finance Act 1972 s131(1), HMRC may regard the repayment including interest as being 138% of the sum notified under Finance Act 1941 s7.</p> <p>They are still referred to in tax law. Income and Corporation Taxes Act 1988 s824(7) states that their repayment is excluded from the scope of repayment supplement.</p>
<b>pot</b>	<p>(1) Term sometimes used to mean an accumulating fund, such as in a pension scheme.</p> <p>(2) Large sum of money, particularly in gambling.</p> <p>(3) Colloquial term for marijuana.</p>
<b>pot-ale</b>	<p>Refuse from a grain distillery.</p>
<b>POTAM</b>	<p><b>Panel on Takeovers and Mergers.</b></p>
<b>POTAS</b>	<p><b>Promoter of Tax Avoidance Scheme.</b></p>
<b>potato crisps</b>	<p>These are standard-rated for VAT when packaged for human consumption without further preparation. They are excepted from the scope of zero-rating food by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 5.</p>
<b>potato puffs</b>	<p>These are standard-rated for VAT when packaged for human consumption without further preparation. They are excepted from the scope of zero-rating food by Value Added Tax 1994 Sch 8 Group 1 Excepted Item 5.</p>
<b>potation</b>	<p>Drinking or the drink itself.</p>
<b>potboiler</b>	<p>Term used in art for a work produced primarily to provide income rather than for its artistic merits. Such a work is typically in a well-established and popular style.</p>
<b>poteen</b>	<p>Whiskey that is produced in an illicit still to evade duty, particularly in Ireland.</p>



- potential lost revenue** (1) "In respect of an inaccuracy in a document (including an inaccuracy attributable to a supply of false information or withholding of information) or a failure to notify an under-assessment is the additional amount due or payable in respect of tax as a result of correcting the inaccuracy or assessment" (Finance Act 2007 Sch 24 para 5(1)).  
(2) Term used in Revenue Scotland and Tax Powers Act 2014 s 187 in relation to tax penalties in Scotland.
- potential lost VAT** In relation to transactions connected with VAT fraud, "is —  
(a) the additional VAT which becomes payable by T [party to the transaction] as a result of the **denial decision**,  
(b) the VAT which is not repaid to T as a result of that decision, or  
(c) in a case where as a result of that decision VAT is not repaid to T and additional VAT becomes payable by T, the aggregate of the VAT that is not repaid and the additional VAT"  
(Value Added Tax Act 1994 s69C(8) as inserted by Finance (No 2) Act 2017 s68(2)).
- potentially chargeable event** In relation to the remittance basis, this term is defined in Income Tax Act 2007 s809VH.
- potentially exempt transfer (PET)**  
"A transfer of value —  
(a) which is made by an individual on or after 18<sup>th</sup> March 1986 but before 22<sup>nd</sup> March 2006, and  
(b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and  
(c) to the extent that it constitutes either a gift to another individual or a gift into an accumulation and maintenance trust or a disabled trust.  
(Inheritance Tax Act 1984 s3A(1)).  
Also, "a transfer of value —  
(a) which is made by an individual on or after 22<sup>nd</sup> March 2006,  
(b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer), and  
(c) to the extent that it constitutes —  
(i) a gift to another individual,  
(ii) a gift into a disabled trust,  
(iii) a gift into a bereaved minor's trust on the coming to an end of an immediate post-death interest"  
(Inheritance Tax Act 1984 s3A(1A)).  
These definitions are further explained in later sections.  
In practice, a PET is any donation made during a person's lifetime that is not immediately exempt. (Such exempt donations include a gift to a spouse, and amounts covered by the annual exemption or small gifts exemption).
- potential ordinary share** In current accounting standards, "a financial instrument or other contract that may entitle its holder to ordinary shares" (FRS 102 glossary).  
In previous accounting standards, "financial instrument or equivalent right that may entitle the holder to acquire ordinary shares (FRS 14).

**potential relief** In relation to an anti-avoidance provision on R&D credits, this term is defined in Corporation Tax Act 2009 s1117.

**potior est 122conditio defendants**

Latin: the condition of a defendant is better.

This is the principle that, in civil law, the onus of proof is on the claimant.

**pot-metal**

Alloy of copper and lead, the traditional metals of old pots. Most modern pots are made of aluminium or stainless steel.

**Pots and Pans Budget**

Nickname given to Rab Butler's Budget of 25 October 1955. It introduced purchase tax on kitchen utensils.

**pot-still**

In brewing, a still in which the heat is applied directly to the pot containing the wash.

**POTUS**

President of the United States.

**pot-waller**

Someone who could establish their right to vote by boiling his pot on his own fireplace within the borough. It was abolished by Reform Act 1832.

**pouch**

Pocket, bag or similar designed to hold money, goods or other items. Sometimes the term is used to denote the money so held.

**Poujadism**

French political philosophy espoused by Pierre Poujade (1920-2003). He supported rights of small businesses, particularly against the tax authorities leading to massive defiance of tax inspectors from 1953 in protest at high taxes and price control. The movement peaked at 400,000 followers and won 52 seats in the 1956 election. It faded when de Gaulle became president in 1958.

**poultry**

"Domestic varieties of the following, that is to say, fowls, turkeys, geese, ducks, guinea-fowls, pigeons and quails" (Animals Act 1971 s11).

For VAT, poultry for food is zero-rated; ornamental breeds are standard-rated. The exact scope is set out in VAT notice 701/15.

**pound**

**Currency**

Main unit of currency in the UK for more than 2000 years. It is indicated by the sign £ before the amount. This is a stylised form of the letter L for the Latin "librum". The value was originally of a pound weight of silver.

The pound is divided into 100 pence since decimal currency in 1971. Previously it was divided into 20 shillings, each of which was divided into 12 pence, giving 240 pences to the pound.

The pound is also the term used for the currencies of Cyprus, Egypt, Lebanon, Malta, Sudan and Syria. It was the unit in the Irish Republic until it adopted the euro.

**Weight**

**Imperial unit** of weight, denoted by the letters "lb" after the number. There are 16 ounces in a pound There are 14 pounds in a stone, 112 in a hundredweight and 2,240 in a ton.

A pound is equal to 453.59237 grams. There are 2.2046 pounds to a kilogram.

**poundage**

(1) Tax introduced on imports in 1748.  
(2) Charge made according to an underlying value. The term was once used to describe the fee payable for buying a postal order.

**pound coin**

Circular coin worth one pound minted from 1983 to 2015 as a replacement for the pound note. A 12-sided bimetallic pound coin is issued from 28 March 2017. The round pound is demonetised from 15 October 2017.

Historically there have been many gold coins, such as the sovereign, worth one pound.

**pound cost averaging**

Strategy for purchasing shares or other securities. Typically this involves spending the same amount regularly each month buying shares whatever their price. This strategy ensures that more shares are acquired than if bought at their average price for the year.

For example someone spends £120 each month buying shares that traded at £6, £8, £10 and £12 when bought. They will buy 20, 15, 12 and 10 shares respectively giving a total of 57. This equates to an average share price of £8.42.

The investor would only have acquired 53 shares if they were bought at the average price of £9.

**pound-foolish**

Description of someone who attends to matters of small finance and ignores those involving large amounts. The term is sometimes expressed as "penny wise, pound foolish".

**pound in your pocket**

Term coined by prime minister Harold Wilson on 18 November 1967 when the pound was subject to **devaluation** by 14% from £1=\$2.80 to £1=\$2.40.

**pound note**

Bank note worth one pound in money and intended to be used as currency. In the UK, there is no legal tender pound note. The Bank of England note was withdrawn on 11 March 1988 and replaced by a **pound coin**. Notes issued by Scottish and Northern Irish banks are not strictly legal tender in the UK, though they are widely accepted.

The Bank of England briefly issued a little-used £1 note from 1797.

The first £1 note was issued by The Treasury in 1914 as a war-time economy to preserve gold. It was declared legal tender. The task passed to the Bank of England.

From 1928, bank notes were printed using colour, with green being the predominant colour for £1 notes. The last design was the Series D note issued on 9 February 1978 and depicting Isaac Newton on the reverse.

**pound of flesh**

Strict exaction of one's dues regardless of consequences of unjustified suffering by the borrower.

The term comes from *Merchant of Venice* by Shakespeare in which the

money-lender Shylock lends money to Antonio on security of a pound weight of flesh next to the heart. Antonio's friend Portia successfully appeals on the grounds that exacting this would make Shylock guilty of murder.

**pound sterling**

UK pound seen as a unit of currency.

**pourboire**

French word for a tip, literally a sum for the recipient to buy a drink.

**poverty**

Insufficiency of funds for normal living.

A distinction is usually made between **absolute poverty** and **relative poverty**.

Absolute poverty is when someone has insufficient income to provide the basics of normal life. Relative poverty is when someone is disadvantaged compared with their peer group. The latter is traditionally defined as living on less than 70% of median earnings. Deep poverty is living on less than 40%.

**Poverty and Inequality Commission**

Scottish body established under (Child Poverty (Scotland) Act 2017 s8.

**poverty line**

Level of income necessary to sustain a minimum standard of life.

**poverty premium**

Higher rate of interest payable by those with poor credit rating because they cannot access bank funding or similar, and so must use doorstep lenders, payday loan companies or other bodies that charge high interest. A solution is to us a **social lender**.

**poverty-stricken**

Suffering from **poverty**.

**poverty trap**

Situation where a person cannot escape from **poverty**. An example is where means-tested social security benefits are withdrawn as a person earns more.

**Powellism**

Views on immigration and economy as espoused by the English Conservative/UUP politician Enoch Powell (1912-1998).

**power**

**Law**

In law, a legal right to alter the rights, duties or powers of oneself or others.

**Utilities**

A supply of energy, such as electricity or gas.

For VAT, a supply of power is treated as a supply of goods (Value Added Tax Act 1994 Sch 4 para 3). As such, supplies for residential use are generally reduced-rated under *ibid* Sch 7A Group 1, but standard-rated for other supplies.

**powerhouse**

Place where mechanical power is generated. By extension, the term is used to provisions designed to generate enterprise, such as the Northern Powerhouse promoted by Chancellor George Osborne.

<b>power of appointment</b>	Right for one person to appoint someone else to a particular position. Such a power is usually given in a deed or will.
<b>power of attorney</b>	Legal arrangement allowing someone to administer another person's affairs.
<b>power of maintenance</b>	Power provided by a will or deed giving trustees the power to spend income of trust property on the maintenance and education of children who will be the ultimate beneficiaries. The power is given by Trustee Act 1925 s31.
<b>power plant</b>	Industrial premises used to generate power, particularly electricity.
<b>power player</b>	Person who uses their position in an organisation for improper purposes, such as to secure personal financial benefits (such as backhanders) or for sexual harassment of junior staff.
<b>power politics</b>	Political action governed by the knowledge that proponents can back up their demands with military or similar power. By extension, the term is sometimes used in the workplace where powerful individuals use their position to get their own way.
<b>powers that be</b>	Ruling authorities. The term comes from Romans 13:1 in The Bible.
<b>power to enjoy</b>	Term used in determining whether a person benefits from income or equivalent benefit, and thereby has a tax liability.
<b>power to obtain information</b>	For income tax, HMRC's powers are given in Income Tax Act 2007 s771
<b>Poynter Review</b>	Review conducted in 2007 into HMRC's loss of 25 million personal records relating to the payment of child benefit. The discs were never found. The Review was critical of the management and governance of HMRC. These were revised as a result of the Review.
<b>PP</b>	(1) Personal pension. (2) Product placement. This is commonly indicated in the credits to a film or television programmer that a company has paid for its product to appear conspicuously as a form of advertising.
<b>pp</b>	Per pro, indication when a letter is signed on behalf of the sender.
<b>PPBS</b>	<b>Planning programming budget system (PPBS).</b>
<b>PPC</b>	<b>Prescription prepayment certificate.</b>
<b>PPD</b>	<b>Prompt payment discount.</b>
<b>PPE</b>	(1) <b>Property, plant and equipment.</b> (2) In education, politics, philosophy and economics.

<b>PPERA</b>	Political Parties, Elections and Referendums Act 2000.
<b>PPF</b>	<b>Pension Protection Fund.</b>
<b>PPFM</b>	Principles and Practices of Financial Management, publication of the Financial Services Authority.
<b>PPF Ombudsman</b>	<b>Ombudsman for the Board of the Pension Protection Fund.</b>
<b>PPI</b>	<b>Protection plan insurance.</b>
<b>PPIA</b>	<b>Protected pension input amount.</b>
<b>PPIAFRC</b>	<b>Payment Protection Insurance Additional Fully Reportable Countries.</b>
<b>ppl</b>	Pence per litre. The term is commonly used in connection with tax on petrol and diesel.
<b>PPOB</b>	<b>Principal place of business.</b>
<b>PPP</b>	(1) <b>Personal pension plan</b> (2) Purchasing power parity (3) Public private partnership. (4) <b>Purchasing power parity.</b> [There is also a health insurance company called PPP.]
<b>PPV</b>	Pay per view, a television subscription scheme where customers pay to watch particular items, particularly recent films and sporting events.
<b>PQE</b>	Post-qualification experience.
<b>PR</b>	(1) <b>Personal representative.</b> (2) Prospectus Rules handbook, published by the Financial Services Authority. (3) Public relations. (4) Proportional representation. (5) Ring-fenced profits, in corporation tax calculation.
<b>PRA</b>	(1) <b>Prudential Regulation Authority</b> (2) Position risk adjustment, a percentage applied to a figure representing a risk in an insurance company.
<b>PRA Handbook</b>	“Means the Handbook made by the Prudential Regulation Authority under FISMA 2000” (Corporation Tax Act 2009 s133H(7)).
<b>practice</b>	Professional business, as in “accountancy practice”.
<b>practice directions</b>	Procedural directions for hearings in court or before tribunals. The power to issue these for tax tribunals is given in Tribunals, Courts and Enforcement Act 2007 s23.

<b>practice file</b>	File of sample data provided with some software to give the user a chance to learn how to use the software without using real data.
<b>praedial</b>	Pertaining to, connected with, or deriving from the land.
<b>praepositus</b>	Latin: one put in front. A person in authority.
<b>pratique</b>	Licence given to an incoming vessel that can show a <b>clean bill of health</b> .
<b>praxeology</b>	Study of human action based on the notion that humans engage in purposeful behaviour, rather than reflexive behaviour. It is closely associated with the <b>Austrian school</b> of economic theory.
<b>PRAG</b>	Pensions Research Action Group.
<b>pragmatic</b>	Description of a decision made according to consequences rather than principle, such as paying a tax demand of £70 that the taxpayer believes is not owed, because the cost and effort of contesting it would be disproportionate. The word can also mean an edit, a busybody, a man of business, and an opinionative person.
<b>prairie value</b>	Value of land in its natural state before any work is done by man.
<b>pratique</b>	Permission to trade after an individual has returned to health after a period of quarantine. There is now no such provision in English law.
<b>pray against</b>	English Parliamentary term meaning to ask the Crown to annul an order.
<b>prayer card</b>	For VAT, prayer cards and cards containing bible verses are not zero-rated as leaflets ( <i>Christian Art Ltd [1990] VTD 5940</i> ). A leaflet must be limp.
<b>PRBC</b>	<b>Pre-return banding check</b> , for annual tax on enveloped dwellings.
<b>pre-6 April 2011 lump sum rights</b>	Term used in relation to <b>disguised remuneration</b> (Income Tax (Earnings And Pensions) Act 2003 s554W(5)).
<b>pre-6 April 2016 reckonable foreign service</b>	In relation to overseas pensions, this term is defined in Income Tax (Earnings and Pensions) Act 2003 s574A(6) as inserted by Finance Act 2017 Sch 3.
<b>pre-6 April 2016 reckonable service</b>	In relation to overseas pensions, this term is defined in Income Tax (Earnings and Pensions) Act 2003 s574A(6) as inserted by Finance Act 2017 Sch 3.
<b>pre-13 November 1974 will trusts</b>	Trust created by the will of a person who died before 13 November 1974 on terms that the surviving spouse received an interest in possession, and that spouse was not entitled to demand that the capital be paid to his or her. Under Inheritance Tax Act 1984 Sch 6 para 2, such a trust is exempt

from the charge that would otherwise arise when an interest in possession trust comes to an end. This provision reflects the fact that estate duty would have been paid on such trusts.

**pre-20 March 2013 relevant accounting period**

Accounting period that starts before 20 March 2013.

The term is used in relation to share options in Corporation Tax Act 2010 s1038A(4) as inserted by Finance Act 2013 s40(3).

**pre-26 November 1996 schemes**

In relation to anti-avoidance on leases, the term is used in Corporation Tax Act 2009 s930.

**pre-1894 powers**

Powers that existed before 1894 in respect of appointment of trustees to **parochial trusts** (Charities Act 2011 s300).

**pre-1927 powers**

Powers that existed before 1927 in respect of appointment of trustees to **parochial trusts** (Charities Act 2011 s301).

**pre-1973 pension**

Payments of such pensions under Overseas Pensions Act 1973 are subject to the tax provisions of Income Tax (Earnings And Pensions) Act 2003 from s629.

**pre-1978 protective trust**

Trust comprising "settled property which is held on trusts to the like effect as those specified in section 33(1)(ii) of the Trustee Act 1925 and which became held on those trusts on the failure or determination before the 12<sup>th</sup> April 1978 of trusts to like effect as those specified in section 33(1)(i)". (Inheritance Tax Act 1984 s73).

**pre-1981 trusts for disabled persons**

A trust where property was settled before 10 March 1981 for the benefit of a **disabled person**. The inheritance tax provisions are given in Inheritance Tax Act 1984 s74.

**pre-2006 pension scheme**

In relation to HMRC powers of information, this term is defined in Finance Act 2008 Sch 36 para 34C.

**pre-2016 accounting period**

In relation to corporation tax surcharge on banks, "is an accounting period of the company ending before 1 January 2016" (Corporation Tax Act 2010 s269DC(2)(b)).

**pre-accession treaties**

Treaties of the European Union and its predecessor bodies that were agreed before the UK became a member. The treaties date from 1951 to 1970. They are listed in European Communities Act 1972 Sch 1 Part 1.

**pre-acquisition**

Before a new business was acquired.

**pre-acquisition profits**

Profits earned before a new business was acquired.



<b>pre-acquisition write-down</b>	Reduction in the <b>fair value</b> of a new subsidiary in the balance sheet of its holding company.
<b>pre-announcement loss</b>	In relation to loss relief for non-active traders, the definition is given in Finance Act 2008 Sch 21 para 4(4).
<b>pre-arranged exit</b>	Provision that can affect the tax treatment under the <b>enterprise investment allowance</b> scheme. Details are given in Taxation of Capital Gains Act 1992 sch 5B from para 11.
<b>preaudience</b>	Right of precedence at the bar among lawyers.
<b>prebend</b>	Share of a cathedral or collegiate church historically allowed to a clergyman who ministers there. The titled Prebendary remains a courtesy title.
<b>pre-billing</b>	Practice of submitting a bill for services before they have been provided.
<b>pre-budget proposals</b>	In relation to the tax lock on national insurance, "means the government's pre-budget fiscal proposals for a tax year which are contained in a document presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty" (National Insurance Contributions (Rate Ceilings) Act 2015 s3(5)).
<b>Pre-Budget Report (PBR)</b>	Statement made by the Chancellor of the Exchequer, usually in autumn, which sets out the state of the economy and gives some indication of possible tax changes. Some PBRs have been very similar to the main Budget speech.
<b>precancel</b>	Negate a postage stamp by postmark or similar before the letter or package has been delivered.
<b>precatory</b>	Expressing a wish, request or recommendation that is not legally binding though usually followed. A letter to a pension fund expressing who should receive any continuing benefit after the member's death is precatory.
<b>precatory trust</b>	<b>Trust</b> that is created by <b>precatory words</b> .
<b>precatory words</b>	In executorship, words in a will expressing a desire or wish. Such words can create a <b>precatory trust</b> .
<b>precede</b>	Go before in time, position, rank or importance.
<b>precedence</b>	Rules of ranking in society. The highest precedence is the monarch, followed by their spouse. The highest non-royal person is the Archbishop of Canterbury.
<b>precedence condition</b>	Term used in Corporation Tax Act 2010 s121 in relation to loss relief for <b>EEA tax losses</b> . The condition relates to how far loss relief may be claimed outside the UK.

<b>precedent</b>	<p>A judgment of the court that establishes law in a <b>court case</b>.</p> <p>Traditionally, the courts ruled on legal matters and decided issues on the basis of custom and justice. This created the <b>common law</b>. The courts no longer create new laws, but do clarify existing ones.</p> <p>The judgment of the court contains the <b>ratio decidendi</b> which states the reason for the decision. It may also contain <b>obiter dicta</b>, which refers to other comments made in passing.</p> <p>A precedent is said to be a <b>binding precedent</b> if it establishes a rule of law, or a <b>persuasive precedent</b> if it merely indicates a rule. Persuasive precedents come from obiter dicta and from non-English jurisdictions which have a similar system of law, such as the USA, Australia or New Zealand.</p> <p>It is open to a litigant to argue that a precedent should not apply in a particular case by <b>distinguishing</b> it from the precedent. Otherwise a precedent can be overturned only by a ruling from a higher court or by legislation.</p> <p>Where precedents are quoted, the <b>citation</b> must be given.</p>
<b>preceding year</b>	<p>The year before the current one, particularly when that year is an accounting period.</p>
<b>precept</b>	<p>Order requiring a person to take money or property from someone for the first person's benefit.</p> <p>In particular, the term refers to the amount each non-billing authority, (County Council, Police Authority or Parish Council) asks the billing authority (district and borough council) to collect every year to meet their spending.</p>
<b>pre-change asset</b>	<p>Asset held by a company before a change of ownership (Taxation of Capital Gains Act 1992 s184A(3)).</p>
<b>precious metal</b>	<p>A metallic element which is used as a store of value. These coins can be made into <b>coins</b> or <b>ingots</b> for storage. Metals so prepared as a store of wealth are generally known as bullion.</p> <p>Precious metals tend to be less reactive and more ductile than other metals. They also have a greater lustre. Precious metals are also widely used for jewellery. Some have other applications, such as for electrical conductivity.</p> <p>The main precious metals are gold and silver, with the former being more valuable. Other precious metals are platinum, palladium, ruthenium, rhodium, osmium and iridium. The value of the metal largely depends on its rarity.</p> <p>The Financial Services Authority defined precious metals as gold, silver and platinum.</p>
<b>precious metals</b>	<p>In relation to civil recovery of personal assets, "means gold, silver or platinum (whether in an unmanufactured or manufactured state)" (Proceeds of Crime Act 2002 s303B(4)(a) as inserted by Criminal Finances Act 2017 s15).</p>
<b>precious stone</b>	<p>Jewel, also called a gem.</p> <p>This is usually a mineral crystal such as amethyst, diamond, emerald, ruby, sapphire.</p>

The term is often also applied to rocks such as lapis lazuli, opal and jade.

The term is often also applied to some organic materials such as amber, jet and pearl.

- precise** Exact, accurate, not vague.
- precognition** In law, examination of a witness before trial to see if there is sufficient evidence for prosecution.  
In Scots law, evidence thus obtained.
- pre-commencement period** *Accounting standards*  
For accounting standards, “in relations to regulations, means an accounting period, or part of an accounting period, which begins before the regulations are made” (Corporation Tax Act 2009 s465A(8)).  
*Ring fence profits in the oil industry*  
“Means an accounting period —  
(a) beginning on or after 1 January 2006, and  
(b) ending before the **commencement period.**”  
(Corporation Tax Act 2010 s309(1)).  
*Creative industry losses*  
In relation to film losses, the term is defined in Corporation Tax Act 2009 s1208(2) and 1216D(2).  
For video games tax relief, the term is defined in Corporation Tax Act 2009 s1217D(2).
- pre-completion transaction** Term used in relation to stamp duty land tax from 17 July 2013. Its provisions are contained in Finance Act 2013 Sch 39. It replaces the previous “transfer of rights” provisions.  
HMRC issued a guidance note on 17 July 2013.
- pre-completion transaction rules** Provisions contained in Finance Act 2003 s45, as amended by Finance Act 2013, that deal with stamp duty land tax on transactions in property whose construction has not been completed.
- precompletion transfer** Transfer of rights in a property which are not completed for several years.  
This was an attempt to exploit the rules in Finance Act 2003 s45 to avoid or defer stamp duty land tax. While it is questionable whether such avoidance schemes are tax-effective, the matter has been explicitly put beyond doubt by a change in this section effective from 21 March 2012.
- preconception** Forming an opinion before considering evidence.
- precondition** Condition that must be satisfied before a matter can be negotiated.
- pre-connection carrying value in D's accounts** Term used in relation to loan relationships held by a connected company. The term is defined in Corporation Tax Act 2009 s362(3) as amended by Finance

Act 2012 s23.

- precontract** Contract previously made. The term was particularly relevant for the new abolished **breach of promise**.
- pre-contract expense** When this incurred by a company in connection with a derivative contract, it qualified for tax relief as if had the expense had been occurred in connection with the derivative (Corporation Tax Act 2009 s607).
- predate** Assign an earlier date to. This can amount to the crime of forgery.
- predeceasing** Dying before someone else. The term is particularly relevant in inheriting, such as for a **surviving spouse**.
- predecessors** In relation to partnerships and capital allowances on leases, this term is specifically defined in Capital Allowances Act 2001 s263(2). It basically means former partners.
- pre-decimal currency** Currency used in the UK before **decimal currency** was introduced in 1971.  
Pre-decimal currency used the same basic unit of the pound, but this was divided into 20 shillings, each of which was divided into 12 pence. So there were 240 pence to the pound. The penny was further divided into halfpennies and farthings (quarter pennies), which could be further divided into half farthings, third farthings and even quarter farthings.  
The common pre-decimal coinage was the halfpenny, penny, threepence, sixpence, one shilling, florin (two shillings), and half-crown (two shillings and sixpence).  
A decimal penny is worth 2.4 pre-decimal pennies.
- predetermined overhead cost rate** In management accounting, the **overhead cost rate** as determined before the reporting period.
- predictive value** The quality of **accounting information** in helping users to evaluate past, present and future events. The information does not need to have the nature of a forecast; indeed, it includes evaluating past information.  
Predictive value is one of the two factors of **relevance** set out in **Statement of Principles**. The other is **confirmatory value**. Relevance is one of the four qualities of accounting information required by Statement of Principles.
- predominant activity** For VAT on water, test to determine whether the customer is engaged in **industrial activities**. Water to such a customer is generally standard-rated. Details of the test are given in VAT notice 701/16.
- pre-empt** Take action to prevent some other action from happening.
- pre-emption right** Right of an existing shareholder to have the opportunity to buy new shares before they are offered to others.

<b>pre-emptive right</b>	Another name for a <b>pre-emption right</b> .
<b>pre-entitlement gain</b>	For capital gains tax, a gain that accrued before being settled in a trust and which subsequently was disposed of for a loss (Taxation of Capital Gains Act 1992 s71(2A)).
<b>pre-entry loss</b>	Tax provisions are given in Taxation of Capital Gains Act 1992 s177A, as amended by Finance Act 2011 Sch 11.
<b>pre-existing condition</b>	In insurance, any physical or mental conditions that exist prior to the effective date of insurance coverage.
<b>pre-existing term</b>	In relation to capital allowances for assets on a long funding lease, the term is specifically defined in Capital Allowances Act 2001 s70YC(7).
<b>prefabrication</b>	Process where large parts of a machine, building, vehicle or other item are manufactured and assembled in advance.
<b>preference</b>	<p><i>Imports</i></p> <p>A system under which eligible goods imported into the EU from certain non-EU countries qualify for a reduced (often nil) rate of Customs Duty. These arrangements also cover EU goods exported to the non-EU country.</p> <p><i>Insolvency</i></p> <p>In debt recovery, favouring one creditor over another. This is unlawful once insolvency proceedings have started.</p>
<b>preference dividend</b>	Dividend paid on a <b>preference share</b> .
<b>preference payment</b>	<p>Under US law, a payment made by a bankrupt in the three months before a bankruptcy.</p> <p>These may usually be recovered by a straightforward administrative process. Payments more than three months before may be <b>fraudulent conveyance</b> and may require a court hearing to recover.</p>
<b>preferences</b>	In computing, part of the software which allows the user a choice in such matters as how data is presented on the screen.
<b>preference shares</b>	<p><i>Accounting</i></p> <p>Form of financial instrument.</p> <p>They are shares in a company which give the holder a preference (although not an automatic right) to receive a dividend before any ordinary share dividend is declared.</p> <p>Under international accounting standards, preference shares are classified as <b>quasi-debt</b>.</p> <p><i>Tax</i></p> <p>For tax, a statutory definition is:</p> <p>“Shares:</p> <p>(a) which do not carry any right to dividends other than dividends at a</p>

rate per cent of the nominal value of the shares which is fixed, and  
(b) which carry rights in respect of dividends and capital which are comparable with those general for fixed-dividend shares included in the official UK list" (Income and Corporation Taxes Act 1988 s210(4)).

<b>preferential</b>	Showing that something or someone is preferred.
<b>preferential creditor</b>	Creditor who must be paid before other creditors.
<b>preferential debt</b>	Expense which ranks before all other debts except the fees and expenses of the insolvency practitioner.
<b>preferential payment</b>	Payment to a <b>preferential creditor</b> .
<b>preferential rate of duty</b>	Special low rate of Customs duty agreed with a particular non-EU country. Details of the system are given in Customs notice 826. For post-Brexit periods, the authority to make such agreements is set out in Taxation (Cross-border Trade) Act 2018 s9.
<b>preferential share</b>	Shares which are part of a new issue set aside for the company's employees.
<b>preferential share purchase</b>	When an employee is able to buy shares in a flotation (particularly a privatisation) on better terms than a member of the public. This is clearly a benefit in kind which is potentially taxable in the hands of the employee. However, the benefit is relieved in two ways. First, the employee is not taxed on the benefit simply of being able to acquire <i>more</i> shares than a member of the public in an oversubscribed issue. This is specifically allowed for in Finance Act 1988 but has always applied in practice. Second, from 10 October 1988, an employee is taxable only on the difference between the price paid by the employee and the price paid by the public. Without this provision, the employee could be liable for additional tax on the difference between the market price and the price paid by the public.
<b>pre-fermentation mixture</b>	In relation to cider or perry, "means the mixture of juice and other ingredients in which the fermentation from which the cider (or perry) is obtained takes place, as that mixture exists immediately before the fermentation process commences" (Alcoholic Liquor Duties Act 1979 s1(6)(i)).
<b>preferment</b>	Promotion or advancement, particularly in the church.
<b>preferred bidder</b>	Term that indicates that a bidder is likely to be successful, even though the contract has not yet been awarded. Being given this status for a long-term contract allows the costs to be charged to the contract for accounting purposes, rather than be written off in the profit and loss account.
<b>preferred creditor</b>	Creditor who must be paid first in a liquidation.
<b>preferred debt</b>	Debt that takes precedence over other debts.

<b>preferred share</b>	Another term for <b>preference share</b> .
<b>preferred stock</b>	Equivalent to <b>preference share</b> .
<b>pre-finance goods</b>	An arrangement whereby an export refund is paid on Common Agricultural Policy (CAP) goods in advance of the actual export. Goods must be deposited in a customs warehouse or Free Zone specially approved for pre-financing.
<b>pre-financing</b>	Financing in advance. Specifically, the system permitting payment of CAP export refund when goods for export are placed in Customs control in warehouse, or when basic products from which goods for export are to be produced are placed in Customs control at the manufacturing premises.
<b>pregnancy</b>	State of a woman who is carrying a child in her womb.
<b>pregnancy-related illness</b>	An illness caused by pregnancy. An illness is not pregnancy-related if the pregnancy merely exacerbates it. Pregnancy itself is not an illness. The decision on whether an illness is pregnancy-related must be made by the employer, for which official guidelines are available. If there is doubt, the employer should seek medical advice. An employer is expected to consider representations from the employee before deciding that a condition is pregnancy-related. If a woman contracts a pregnancy-related illness in the four weeks before the <b>expected week of childbirth</b> , the start of the illness automatically starts the <b>maternity pay period (MPP)</b> (assuming that the woman is eligible for <b>statutory maternity pay</b> and has not already chosen to start her MPP).
<b>pre-grant contravention</b>	Where a person rents a property when he does not have sufficient residential status to do so (Immigration Act 2014 s22(10)).
<b>pre-incorporation contract</b>	Contract made on behalf of a company before it is formed (Companies Act 2006 s51). The person who makes the contract is personally liable under it unless the company agrees to ratify the contract.
<b>pre-insolvency debt</b>	Term defined in Finance Act 2008 s131 in relation to the restriction of HMRC to <b>set-off</b> a tax liability when an insolvency has started.
<b>pre-invoicing</b>	Invoicing before the normal date. If this is done to avoid a forthcoming increase in the rate of VAT, the supply may be caught by <b>anti-forestalling provisions</b> .
<b>prejudice</b>	When a matter has been wholly or partly determined before hearing the evidence.
<b>prelibation</b>	Traditional offering of the first fruits.
<b>preliminary announcement</b>	The first announcement by a listed company of its profit for the most recent accounting period. This precedes the publication of the full <b>annual report</b> . The

announcement is made to the entire stock market so that all investors receive information at the same time.

**preliminary hearing**

**Hearing on a preliminary issue.**

**preliminary issue**

In tax cases, a matter dealt with before the hearing on the substantive issue. A preliminary issue is often on an administrative matter such as whether a claim was in time, or if the tribunal has authority to hear the issue.

**preliminary notice**

For diverted profits tax, a notice given by an HMRC office to a company where the former suspects that tax has been avoided by the diversion of profits.

The law is Finance Act 2015 from s93.

**preliminary results**

Financial results reported by a company during its accounting period. Interim dividends are often declared on the basis of such results.

**prelims**

**Preliminary results.**

**premier**

Person who is recognised as the leader of a country, by whatever name known in that country, such as president or prime minister.

**premises**

In relation to Revenue Scotland's power to inspect **business premises**, the term is defined as including "any building or structure, any land and any means of transport" (Revenue Scotland and Tax Powers Act 2014 s141(4)).

In relation to HMRC's similar powers, the term "includes —

(a) any building or structure,

(b) any land, and

(c) any means of transport"

(Finance Act 2008 Sch 36 para 58).

In relation to electrical safety standards in privately rented dwellings, the term "includes land, buildings, moveable structures, vehicles and vessels" (Housing and Planning Act 2016 s122(6)).

**premises-based licence**

One of the three forms of **amusement machine licence duty**. (The other two are the **special licence** and **bulk licence**.)

This lasts for between one and 12 months for premises where amusement machines are situated for playing.

**premises licence**

Licence from a local authority with regard to particular premises (Licensing Act 2003 s16ff).

**premium**

**Insurance**

The single or regular periodic payment made to an insurance company in respect of an insurance policy.

**Leases**

In relation to a **lease**, the term "includes any similar sum payable to the immediate or a superior landlord or to a person connected with such a person" (Corporation Tax Act 2009 s247(1) and Income Tax (Trading and Other Income) Act 2005 s307(3)).



### **Investment**

Amount paid above the intrinsic value of a security.

### **Accounting**

Sum additional to the main amount, such as the amount paid for a share above its nominal value.

<b>premium bond</b>	<p>National Savings product but where the interest is not paid but converted into prizes which are allocated on the basis of producing random numbers. The prizes are free of income tax and all other taxes.</p> <p>Premium bonds were introduced in 1956. Prizes currently range from £25 to £1 million. The underlying number and value of prizes is periodically adjusted to reflect underlying interest rates.</p>
<b>premium income</b>	<p>Income which an insurance company receives from premiums from its customers.</p>
<b>premium number</b>	<p>Another name for a <b>premium rate number</b>.</p>
<b>premium offer</b>	<p>Free gift offered to attract new customers.</p>
<b>premium on redemption</b>	<p>An additional amount paid by a company to a holder of a share or debenture above its nominal value when the company buys it back.</p>
<b>premium rate</b>	<p>Telephone number that attracts a much higher charge, usually because part of the payment is paid to the caller. The most expensive premium numbers start 09. Other premium rate numbers start 070, 0844, 0845, 0870 and 0871.</p> <p>Such numbers are subject to OFCOM regulation under Communications Act 2003 s120.</p>
<b>premium rate number</b>	<p>Telephone number that attracts a higher rate of charge when called, part of that charge being paid to the person being called. In the UK, such numbers usually start 09.</p>
<b>premium rate services (PRS)</b>	<p>Services available from a <b>premium rate</b> telephone number.</p>
<b>prenuptial agreement</b>	<p>Agreement made between two people before they marry on what happens if they separate. Such agreements are common when one party is already wealthy at the time of the marriage.</p> <p>Although a pre-nuptial agreement cannot be upheld under English law, it will be considered by a judge when making a divorce settlement.</p>
<b>pre-owned assets (POA)</b>	<p>Property that someone owned at some point from 17 March 1986, and which is no longer owned by them though they continue to receive some benefit. From 6 April 2005, an income tax charge can arise.</p> <p>The law is contained in Finance Act 2004 Sch 15, and in Finance Act 2007 s66. Regulations are contained in SI 2005 No 724.</p> <p>This measure is an anti-avoidance measure to stop exploitation of the rules for <b>gifts with reservation</b>. So a new owner may elect to bring the assets within the scope of his <b>estate</b>. This puts it outside the POA regime. Details are</p>

given in leaflet IHT 500.

<b>Prentice Report</b>	Report commissioned by the government in 1986 from Dr D D Prentice on the ultra vires rule in company law. The Report recommended its complete abolition. The recommendations were reflected in Companies Act 1989, which did not abolish the rule but restricted it to the relationship between shareholders and directors.
<b>prepaid</b>	Where payment has already been made.
<b>prepaid interest</b>	Interest that has been paid before it is due.
<b>prepared drink</b>	For soft drinks industry levy, means a soft drink or a beverage produced from a liquid, such as by dilution (Finance Act 2017 s27(1)).
<b>prepayment</b>	<p>When a payment is made in one <b>accounting period</b> all or some of which relates to a later period. The opposite is called an <b>accrual</b>.</p> <p>For example, a business which makes its accounts up to 31 March, pays six months' rent of £1,200 in advance on 1 February. Four months of this relates to the following accounting period, so an adjustment is made (usually as a <b>journal entry</b>) whereby £800 is charged to the later accounting period. The <b>double entry</b> is to debit prepayments and to credit the relevant expense heading in the profit and loss account, such as rent.</p> <p>Prepayments appear as a debit in the <b>trial balance</b>. They are transferred to the balance sheet as a <b>current asset</b>.</p>
<b>prepayment certificate</b>	<p>In medicine, an annual season ticket for prescription charges. Such a ticket is issued for three months or 12 months. It is usually cost effective to buy such a certificate if the patient would otherwise pay for four prescriptions in three months or 14 in 12 months.</p> <p>The legal definition is "a certificate which confers on the person to whom it is granted exemption from charges otherwise chargeable under the regulations in respect of drugs, medicines and appliances supplied during such period as may be prescribed" (National Health Service Act 2006 s174).</p>
<b>prepayment</b>	<p>Payment before the period to which it relates. Common examples include rent and subscriptions.</p> <p>In bookkeeping, this is the opposite to an <b>accrual</b>. Prepayments require a journal entry at the end of the accounting period. The amount of the prepayment which relates to a future accounting period is calculated. The double entry is: debit prepayments, credit the relevant expense. This journal needs to be reversed at the start of the next accounting period.</p> <p>Usually the accounting treatment determines the tax treatment (Inspectors' Manual at BIM42210).</p>
<b>prepayment fee</b>	Another name for a <b>prepayment penalty</b> .
<b>prepayment penalty</b>	American term for an additional charge made when a loan is repaid before the due date.

<b>prepenultimate</b>	Last but two.
<b>pre-preferential debt</b>	Expenses and fees of the insolvency practitioner, which are paid before all other debts.
<b>pre-registration expenses</b>	Goods and services received before registration for VAT and on which there is an entitlement to claim the VAT as input tax. The entitlement is three years for goods, and six months for services.
<b>pre-return banding check (PRBC)</b>	Check undertaken by HMRC to confirm that a residential property is in the correct value band for the purposes of <b>annual tax on enveloped dwellings</b> .
<b>Prerogative Court</b>	Court that once had jurisdiction over testamentary matters.
<b>Prescott, John</b>	English Labour politician (1938- ) who was deputy prime minister from 2 May 1997 to 27 June 2007.
<b>prescribed</b>	"In the Companies Acts "prescribed" means prescribed (by order or by regulations) by the Secretary of State" (Companies Act 2006 s1167).
<b>prescribed accounting period</b>	Term used in Value Added Tax 1994 s57 in relation to when an employer must make an adjustment in a VAT return in respect of road fuel provided for an employee's private use.
<b>prescribed area</b>	For Customs purposes, "means such an area in Northern Ireland adjoining the boundary as the Commissioners may by regulations prescribe" (Customs and Excise Management Act 1979 s1(1)).
<b>prescribed occupation</b>	An occupation where those who work in it may take a full pension at an earlier age than otherwise allowed. The occupations are: athlete, badminton player, boxer, cricketer, Cyclist, Dancer, Diver (Saturation, deep sea and free Swimming), Footballer, Golfer, Ice Hockey Player, Jockey – flat racing, jockey – National Hunt, Member of the Reserve Forces, model, Motor Cycle rider (Motocross or road racing), motor racing driver, Rugby League player, Rugby Union player, skier (downhill), snooker or billiards player, Speedway Rider, Squash Player, table tennis player, Tennis Player (including real tennis), trapeze artiste, wrestler.
<b>prescribed scheme</b>	Any of the following pension or superannuation schemes: The Armed Forces Pension Scheme, The British Transport Police Force Superannuation Fund, The Firefighters' Pension Scheme, The Firemen's Pension Scheme (Northern Ireland), The Police Pension Scheme, The Police Service of Northern Ireland Pension Scheme, The Police Service of Northern Ireland Full Time Reserve Pension Scheme.
<b>prescribed territory</b>	In relation to savings income, "means another member State [of the European Union], Aruba, the British Virgin Islands, Gibraltar, Guernsey, the Isle of Man, Jersey, Montserrat, or the Netherlands Antilles" (Importing of Savings Income

Information Regulations SI 2003 No 3297 reg 2(2)).

**prescribed use**

For Customs purposes, the final use to which goods will be put and which entitles them to End Use relief, this is normally specified in the Tariff.

**prescription charge**

Charge made to dispense a prescription for medicine or medical supplies. The charge is a fixed amount determined each year from 1 April. The amount covers all the items on one prescription. It is unrelated to the cost of the items prescribed.

No charge is made for patients:

- over 60
- under 16
- full-time students aged 17 or 18
- women who are pregnant or have a child under 12 months
- who have certain specified conditions
- treated in hospital.

About 88% of prescriptions are provided without charge.

The power to make prescription charges was introduced in the NHS Amendment Act 1949, just one year after the National Health Service came into being. Charges were introduced in 1952 at one shilling (5p) per prescription. They were abolished between 1965 and 1968.

**prescription prepayment certificate (PPC)**

A form of "season ticket" that may be purchased entitling the holder to pay no further charges for prescriptions in either a 3-month or 12-month period.

**presence**

State of being in a particular place. The term is used in such contexts as claiming tax credits, for which presence in the UK is a requirement.

**presentation**

*Customs*

For Customs purposes, showing of goods or a document as required.

In particular, the term is used for the notification of imported goods to HMRC in the manner laid down of the arrival of goods at the customs office, or any other place designated or approved by HMRC.

*Accounting*

In accounting, how items appear on financial statements.

The choice of presentation is an **accounting policy**, so any change of presentation is a change of accounting policy (FRS 18 para 12).

**presentation currency**

"The currency in which the financial statements are presented" (FRS 102 glossary).

**presentation of goods**

The notification to customs in the manner laid down of the arrival of goods at the customs office or at any other place designated or approved by customs.

**presenteeism**

Term coined in 2018 for when employees come to work when they should be off sick.

**pre-sentence report** Report ordered by a judge or magistrate in respect of a person convicted of a criminal offence but where sentence has yet to be passed (Criminal Justice Act 2003 s158).

**present fairly** A condition of the **IASB system**, equivalent to **true and fair view** in the **UK ASB system**.

**present gravity (PG)** Current gravity of beer. Customs notice 226 explains how this may be used to determine alcoholic strength for payment of **beer duty**.

**presentment** Process of submitting a cheque for payment (Bills of Exchange Act 1882 s74).  
Electronic presentment is permitted by *ibid* s89A added by Small Business, Enterprise and Employment Act 2015 s13(2).

**presentment of instruments by electronic means**

Another term for **electronic presentment**.

This allows cheques to be cleared by sending an electronic image of both sides of the cheque rather than the cheque itself. It is permitted by Bills of Exchange Act 1882 s89A as inserted by Small Business, Enterprise and Employment Act 2015 s13(2).

**present partners** In relation to capital allowances on leases, "means the person or persons for the time being carrying on the qualifying activity" (Capital Allowances Act 2001 s263(2)).

**present value**

Amount expressed in currency at today's value, particularly when talking about a past or future amount which has been adjusted for inflation.

"A current estimate of the present discounted value of the future net cash flows in the normal course of business" (FRS 102 glossary).

Present value is calculated by reducing future cash flows by a factor corresponding to an interest rate.

If the interest rate is, say, 5%, the discounting factor is 100/105 which is 0.9524. For the second year, the factor is 0.9524 x 0.9524 which is

The present value of £1,000 of income over four years can be determined thus:

Year	Discount factor	Amount
<b>1</b>	0.9524	952.38
<b>2</b>	0.9070	907.03
<b>3</b>	0.8638	863.84
<b>4</b>	0.8227	822.70
<b>Total</b>		<b>3545.85</b>

**preservation of capital** Form of financial management which seeks to protect a business's capital base, usually by arranging other sources of finance as required.

**pre-shipment advice** An abbreviated export declaration presented to HMRC at the time of export. It must be received electronically.

**pre-shipment declaration (entry)**

Full statistical export declaration lodged with HMRC together with the goods before the time of shipment. A full declaration may be made either

electronically using the New Export System (NES), or as a manual declaration. At a designated Export Place (DEP) a CHIEF declaration must be submitted electronically.

**President of the Tax Tribunals** Person appointed to oversee tax tribunals in Scotland (Revenue Scotland and Tax Powers Act 2014 s22).

**pre-sorted mail** Service provided by Royal Mail where items are delivered having been sorted for different departments, such as sales and accounts.

**prest** Archaic term meaning to lend or pay.

**Prestel** Trade name for a subscription-based data service provided by BT down telephone lines to computers. It operated from 1979 to 1994.

**presumption of continuity** In tax investigations, a presumption that factors present in one tax year are likely to apply to other tax years, unless contrary evidence is shown.  
The leading case is *Jonas v Bamford 51TC1*.

**presumption of death** A court may issue an order that presumes someone to be dead if they have been missing for seven years and there is no evidence to suggest the person may be alive.  
The law in this area grew piecemeal over the centuries with different provisions for different purposes. From 1 October 2014, they are consolidated into a single procedure for all purposes under Presumption of Death Act 2013.  
An application is made by a spouse, parent, child or sibling of the deceased. Other people may make an application if they can persuade the court that they have sufficient interest. If no-one makes an application, the person is assumed to be alive.  
A register is kept of presumed deaths. It is expected that only about 30 names will be added each year. There is a procedure for the court to issue a variation order if the person is subsequently found alive, though no such orders are expected.  
A presumption of death is effective for all purposes, including distribution of estate. Someone acquires good title to distributions from the estate even if the person is found to be alive. Where trust assets could be adversely affected by a variation order, the trust should take out insurance.

**presumption of legitimacy** In law, the presumption that the mother's husband is the father of her child. This presumption may be rebutted by contrary evidence.

**pre-trading expenditure** Expenditure incurred on a trade before it starts.  
Income tax relief for such expenditure incurred in the seven years before commencement may be claimed under Income Tax (Trading And Other Income) Act 2005s57 and Corporation Tax Act 2009 s61.

**pre-trial review** Private hearing with the judge before a court case.

**press release** Statement issued by an organisation to the press.

<b>pressure to discriminate</b>	An attempt “to induce, or attempt to induce, a person to do any act” contrary to the Act. It is an offence under Sex Discrimination Act 1975 s40.
<b>presumption</b>	In law, that which comes near to proving a fact.
<b>presumption of continuity</b>	In tax investigation, the rebuttable presumption that a business is run in other years on the same basis as for a year in question.
<b>presumption of death</b>	Court order which declares that someone is presumed dead. Civil Partnership Act 2004 s55. Absence of 7 years and no reason to assume still alive.
<b>presumption of order of death</b>	For estate duty, assumed to be same time under Finance Act 1958 s29 (repealed by Finance Act 1975).
<b>presumption of validity</b>	For the purposes of mutual assistance in recovering tax between member states, the presumption that a request from a state has been “duly made in accordance with MARD unless the contrary is proved” (Finance Act 2011 Sch 25 para 14).
<b>presumptive</b>	Person who is presumed to be due to inherit under a will. This presumption may be negated by the testator, or may fail because someone with a better claim is found.
<b>presumptive charge</b>	Beer duty calculated on the presumed amount of beer produced from the ingredients. A brewer is deemed to produce 1 hectolitre of beer at 1055 gravity for every 24 kilograms of malt and 16 kilograms of sugar. An abatement of 6% is allowed for spillage, evaporation etc.
<b>pre-tax</b>	Description of an amount before any tax has been deducted.
<b>pre-tax net income</b>	American term for a corporation’s annual net income before it has paid taxes.
<b>pre-tax profit</b>	Another name for profit before tax. It is the main measure of profit for investment purposes.
<b>pre-tax profit margin</b>	<b>Pre-tax margin</b> as a percentage of turnover as shown in the profit and loss account.
<b>pre-tax profit</b>	Net profit of a business before income tax or corporation tax has been deducted.
<b>pre-trading expenditure</b>	Expenditure incurred in relation to a trade before it commences. For income tax and corporation tax, such expenditure is tax deductible if (from 1 April 1993) incurred in the previous seven years. Previous limits were five years from 1 April 1989; three years from 1 April 1980, before which pre-trading expenditure was not allowable. The implications for <b>loan relationship</b> are given in Corporation Tax Act 2009 s330.

For VAT, input tax may be claimed for goods purchased in the previous three years and still held at registration, and for services acquired in the six months before registration.

**pre-trading exploration expenditure**

For capital allowances in mineral extraction, this term is used in Capital Allowances Act 2001 s401(2).

**pre-transfer total of unactivated allowance**

In relation to oil and gas companies, this term is defined in Corporation Tax Act 2010 s356HA(2).

**pretty penny**

Colloquialism for a large amount.

**prevailing interest rate**

Rates that banks decide they will pay or charge on accounts, relative to the base rate.

**prevailing market rate**

In accounting, "the rate of interest that would apply to the entity in an open market for a similar financial instrument" (FRS 102 glossary).

**prevention procedures**

In relation to tax offences, "means procedures designed to prevent persons acting in the capacity of a person associated with B from committing **UK tax facilitation evasion** of a tax" (Criminal Finances Act 2017 s45(3)).

**previous**

In criminal proceedings, a colloquialism for details of previous convictions.  
Generally these may not be disclosed in open court unless the accused impugns the character of a witness giving evidence against him or her.

**previous 3 months**

In relation to eligibility for the **personal independence payment**, this term has a specific meaning in Welfare Reform Act 2012 s81(3)(b).

**previously authorised oil field** Term used in Corporation Tax Act 2010 s356JDA(1).

**previous PAYE test**

One of 12 tests included in HMRC guidance published early in 2012 on whether an individual comes within the scope of **IR35**.

**previous period**

Description of an accounting period immediately before the one under consideration.

**previous total tax**

In relation to direct collection or special arrangements for collecting tax on employment earnings outside PAYE, this term is defined in PAYE regulations SI 2003 No 2682 reg 144(1).

**previous total tax to date**

Under PAYE, the amount of cumulative tax an employee has had deducted before the current pay period.  
The term is defined in PAYE Regulations SI 2003 No 2682 reg 23(8) and 23(9).

**previous year basis (PYB)**

Method of determining the **basis period** for calculating income tax for trades before 1994.



Broadly, PYB taxed profits in the year to the accounting date in the *previous* tax year. Since 1994, taxation applies to profits in the year to the accounting date in the *current* tax year, which is one year later. There were transitional provisions when the change of basis period was made. There were special provisions for the first two years and last two years of the business.

<b>previous year income</b>	Figure that may be used in the <b>income test</b> in determining entitlement to a <b>tax credit</b> (Tax Credits Act 2002 s7(5)).
<b>Price</b>	Price's Reports, Exchequer law reports from 1814 to 1824.
<b>price</b>	Amount charged for goods or services. Money consideration for goods (Sale of Goods Act 1979 s2(1)), or similar money consideration for services.
<b>price actually received for it</b>	Term used in Income and Corporation Taxes Act 1988 s100(1A) in connection with determining the taxable value of stock of a discontinued trade.
<b>price cap</b>	For <b>starter homes</b> , the maximum value of the property. This is £450,000 in Greater London and £250,000 elsewhere (Housing and Planning Act 2016 s2(6)).
<b>price cash flow ratio</b>	Financial ratio calculated as current share price divided by cashflow per share.
<b>price ceiling</b>	Highest price which goods or services can reach.
<b>price change</b>	When a price is revised up or down.
<b>price control</b>	Any legal provision which attempts to restrict the freedom of sellers to charge what price they like.
<b>price control decision</b>	Order that may be made by OFCOM in relation to charges for postal services (Postal Services Act 2011 s59(13)).
<b>price data</b>	Collective term for all the charts and indicators used by technical analysts of prices for shares and other securities.
<b>price differences under repos</b>	Income tax provisions are set out in Income Tax Act 2007 from s607.
<b>price differential</b>	Difference between two prices, particularly when expressed as a ratio rather than as an amount.
<b>price disruptor</b>	Business that aims to take a large market share by undercutting all existing suppliers.
<b>price earnings growth factor</b>	Financial ratio of a company calculated as its prospective PE ratio divided by its estimated future growth rate in earnings per share.
<b>price earnings ratio</b>	Financial ratio of a company calculated as its current share price divided by its latest reported figure for earnings per share.

<b>price elasticity of demand</b>	<p>Measure of the responsiveness of demand to a change in price.</p> <p>If demand changes by more than the price has changed, we describe the good as price-elastic. If the demand changes by less than the price has changed we describe it as price-inelastic. The formula for calculating the exact figure is: Price elasticity of demand = <math>\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}</math></p>
<b>price ending</b>	<p>Practice of selling goods for a price ending in 99p or similar rather than <b>rounding</b> it to a convenient figure. An explanation of this practice is given under <b>odd pricing</b>.</p>
<b>price fixing</b>	<p>Agreement between suppliers to control the prices at which they offer their goods or services. This is generally an offence under competition law.</p> <p>The case <i>Guest Keen &amp; Nettlefolds Ltd v Fowler [1910] 5 TC 511</i> established that expenditure incurred on price-fixing is tax-deductible.</p>
<b>price high</b>	<p>Highest price achieved by a share or security in the previous 12 months.</p>
<b>price insensitive</b>	<p>Description of goods or services where sales are largely unaffected by the price. This often happens because the price is insignificant to the buyers, the buyers tend not to notice the price, or because the item is so essential that it will be bought whatever the price.</p>
<b>price label</b>	<p>Label attached to goods indicating the price at which they may be bought.</p>
<b>price list</b>	<p>List of goods or services which a business offers to provide with an indication of the price that will be charged.</p> <p>A price list itself does not constitute an <b>offer</b> whose acceptance creates a legal contract. A price list is usually an invitation to treat.</p>
<b>price look up code (PLU code)</b>	<p>Term used by retailers for items where a barcode cannot be entered for an item, such as <b>sold loose</b> fruit and vegetables. The PLU code must be entered by the check-out operator.</p>
<b>price low</b>	<p>Lowest price achieved by a share or other security in the previous 12 months.</p>
<b>price of money</b>	<p>Rate of discount when borrowing or lending money.</p>
<b>price sensitive</b>	<p>Description of information that, if made public, would have a significant impact on the price of a company's shares or other securities. The information need not relate to the company itself; it could relate to some general economic factor. There are strict rules on releasing such information. Trading in shares by those who know such information before it is made public may be guilty of the criminal offence of <b>insider trading</b>.</p>
<b>price tag</b>	<p>Another name for a <b>price ticket</b>.</p>
<b>price ticket</b>	<p>Indicator attached to goods indicating the price at which they may be bought.</p> <p>For retail sales, the ticket must include any VAT, except that there is a</p>

transitional period when the rate changes when it is sufficient to put up a notice stating how prices may be recalculated.

<b>price to book value</b>	Ratio of a share price to the company's asset value.
<b>price to sales ratio (PSR)</b>	Financial ratio of a company calculated as its current share price divided by sales per share.
<b>price war</b>	When two or more businesses compete for business by each trying to reduce their prices below those charged by other businesses.
<b>price-earnings ratio</b>	Market price of a share divided by earnings per share.
<b>price-sensitive information</b>	Information which, if known to the market, would affect the price of a share.
<b>PriceWaterhouse Coopers</b>	<p>One of the world's largest accountancy and professional services firms.</p> <p>It was formed in 1998 by the merger of accounting firm Price Waterhouse with Coopers &amp; Lybrand.</p> <p>Price Waterhouse was started by Samuel Price in London in 1849. He went into partnership with Edwin Waterhouse in 1865, becoming Price Waterhouse &amp; Co in 1874.</p> <p>Coopers &amp; Lybrand was started in 1854 by William Cooper. This became Cooper Brothers in 1861 when his three brothers joined. In 1957, the firm merged with Lybrand, Ross Brothers and Montgomery, an American firm formed in 1898 by William Lybrand.</p>
<b>pricing</b>	Policies and practices of determining prices for goods and services offered.
<b>pricing model</b>	System for calculating pricing according to a predetermined policy.
<b>pricing policy</b>	Policy for determining the prices at which a business's goods or services will be sold.
<b>pricing science</b>	Use of various mathematical models in setting prices. Pricing science was pioneered with the airline industry in the 1980s.
<b>pride of possession</b>	Enjoyment from possessing something, particularly an antique or work of art. The existence of pride of possession indicates that the third <b>badge of trade</b> may not be present, with the result that any profit or loss is not of a trade.
<b>Pridetines vertes mokestis (PVM)</b>	Lithuanian: value added tax.
<b>PRIF</b>	Plastic Research Innovation Fund.
<b>prima facie</b>	Latin: at first sight.
<b>primary adviser</b>	In relation to tax planning, means the professional person who provides tax advice directly to the client, as against a person who devises schemes to be offered, or who gives an opinion on such a scheme.

<b>Primary Authority (PA)</b>	Single source of information on regulatory advice from 1 October 2017. It is created by Enterprise Act 2016.
<b>primary authority advice and guidance</b>	Term used in Regulatory Enforcement and Sanctions Act 2008 as inserted by Enterprise Act 2016 s20.
<b>Primary Care Trust (PCT)</b>	<p>Organisation which oversees health care provision for an area. From 1 October 2006 there are 152 PCTs in England, reduced from 303. The PCT oversees hospitals, doctors and dentists in a defined area. They are one of several forms of <b>NHS trust</b>. The PCT commissions services from hospitals, doctors and other sources.</p> <p>These trusts were established under National Health Services Act 2006 s18 and are abolished by Care and Social Health Act 2012 s34.</p>
<b>primary commodity</b>	Farm produce which is traded in large quantities, such as cotton and grain.
<b>primary data</b>	The process of organising and collecting data for an organisation.
<b>primary education</b>	Education for children who are at least 2 years old but under compulsory school age (Education Act 1996 s2(1), as amended).
<b>primary financial statements</b>	The balance sheet, profit and loss account, statement of total recognised gains and losses and cash flow statement.
<b>primary industry</b>	Industry which deals with a basic raw material, such as coal, iron or grain.
<b>primary lease period</b>	<p>First period of a lease in which the payments are related to the value of goods being leased.</p> <p>The payment is usually calculated as the cost of the goods plus interest. This period is usually followed by a <b>secondary lease period</b> where the lease continues at a nominal charge.</p>
<b>primary market</b>	Main market for selling shares and securities, as against private transactions in a <b>secondary market</b> .
<b>primary poverty</b>	Poverty where a person earns insufficient to provide the basics of life. It has a similar meaning to <b>absolute poverty</b> , but makes a distinction between <b>secondary poverty</b> . The term was coined by Joseph Rowntree.
<b>primary protection</b>	<p>Term used in the taxation of pension contributions.</p> <p>From 6 April 2006, there is a <b>lifetime allowance</b> for tax-free pension contributions. If an individual has pension contributions above this allowance, those additional contributions do not generally qualify for tax relief. This is one of the two exceptions to that rule. (The other is <b>enhanced protection</b>.)</p> <p>If an individual already had pension contributions above the lifetime limit of £1.5 million on 6 April 2006, those additional contributions continue to be protected for that individual. So if the individual had cumulative pension contributions of, say, £1.8 million on 6 April 2006, the individual has protection for the lifetime allowance plus £300,000 in future years.</p>

Primary protection had to be claimed from HMRC by 5 April 2009.

<b>primary purpose</b>	For VAT on professional subscriptions, a sole, main or principal purpose (VAT leaflet 701/5).
<b>primary rate</b>	In banking, the rate offered by a bank to its most creditworthy customers.
<b>primary record</b>	In accounting, document or similar evidence that first records the financial transaction or adjustment. Examples include invoices, expense claims and timesheets.
<b>primary threshold</b>	Figure at which an employee becomes liable to pay class 1 national insurance. For the years 2001/02 to 2010/11, the thresholds were known as the <b>earnings threshold</b> as the figure was the same for employers.
<b>prime bill</b>	<b>Bill of exchange</b> where there is no risk of non-payment.
<b>prime book of account</b>	Basic books in which financial records are kept.
<b>prime cost</b>	Cost of producing a product, including a share of overheads.
<b>prime cost of production</b>	In management accounting, the total cost of making a product. It includes material, labour and overheads.
<b>prime lending rate</b>	Old term for the lowest rate of interest charged by a bank for lending to its most creditworthy customers.
<b>prime minister (PM)</b>	Political leader of the country. The position also connotes <b>First Lord of the Treasury</b> .
<b>prime number</b>	Integer that cannot be divided by any other integer except 1. The first prime numbers are 2, 3, 5, 7, 11, 13, 17, 19, 23, 29 etc.
<b>prime rate</b>	American term for the best rate at which a bank will lend to a customer.
<b>prime site</b>	Valuable commercial site for development.
<b>prime time</b>	In marketing, the time when most people watch television and where the advertising rates are therefore the highest.
<b>priming</b>	<p><i>Finance</i></p> <p>In finance, this usually means <b>pump-priming</b>. This is providing an initial amount of capital to help get a venture going.</p> <p><i>Beer duty</i></p> <p>For <b>beer duty</b>, "adding sugar solution to beer to encourage secondary fermentation and increase its alcoholic content" (Customs notice 226). Priming requires Customs approval.</p>

<b>primitae</b>	First-fruits; the first year's revenue of a benefice.
<b>primogeniture</b>	State of being the first-born child, particularly to situations where a title or estate so devolves.
<b>primo loco</b>	Latin: in the first place.
<b>primrose path</b>	Life of self-indulgence which leads to ruin. The expression is used by Shakespeare in <i>Hamlet</i> and <i>Macbeth</i> .
<b>PRIN</b>	Part of the FCA handbook that deals with principles for businesses.
<b>prince</b>	Male member of a royal family.
<b>princess</b>	Female member of a royal family.
<b>Prince's Trust</b>	<p>Charity established by the Prince of Wales in 1976 to assist people aged between 16 and 30 who are not in work. It is funded by donations, largely from the public sector and from other sources, such as by sponsored rock concerts.</p> <p>The charity operates six activities:</p> <ul style="list-style-type: none"><li>• a business programme to help young people start a business;</li><li>• a team programme offering a 12-week personal development course;</li><li>• Get Intos, short courses offering training and experience in a specific sector;</li><li>• development awards in the form of small grants to provide access to education, training and work;</li><li>• community cash awards to help young people set up community projects;</li><li>• xl clubs which are held in schools.</li></ul>
<b>Prince v Mapp</b>	Leading case on the general tax disallowance of surgery. The full citation is <i>Prince v Mapp [1969] 46TC169</i> . It relates to a guitarist's injured finger and is discussed in the Inspectors' Manual at BIM37945.
<b>Princess Royal</b>	Honorary title that a monarch may bestow on his or her eldest daughter. It has been conferred seven times, starting with Princess Mary, daughter of Charles I, c1642. The title was conferred on Princess Anne in 1987.
<b>principal</b>	<p><b>Money</b></p> <p>A sum of money (sometimes referred to as capital) which attracts periodic payments or interest. In a loan, the principal is the sum lent. In an investment, the principal is the sum invested.</p> <p><b>Agency law</b></p> <p>A person for whom an <b>agent</b> acts.</p> <p>"An entity is acting as principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that an entity is acting as a principal include:</p>

(a) the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;

(b) the entity has inventory risk before or after the customer order, during shipping or on return;

(c) the entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and

(d) the entity bears the customer's credit risk for the amount receivable from the customer" (FRS 102 glossary).

### **Sole trader**

The term is sometimes used to mean a person who trades as a sole trader. An example is PAYE regulations SI 2003 No 2682 reg 101(3).

### **Investment**

Prime mover in a deal, usually the person for whom an agent or broker acts.

<b>principal acting trustee</b>	Under the <b>trust registration service</b> , the one trustee so designated. It should be noted that all trustees remain accountable for the tax liability of the tax.
<b>principal charge</b>	Another name for the <b>ten-yearly charge</b> to inheritance tax, payable by <b>discretionary trusts</b> and other <b>relevant property trusts</b> .
<b>principal clause</b>	Clause which can function as an independent sentence.
<b>principal company</b>	For capital gains tax, a term sometimes used for a company in relation to its 75% subsidiaries. For allowance buying, the term is defined in Capital Allowances Act 2001 s212E.
<b>principal council</b>	Term used in Local Government Finance Act 1972 s2 to mean county council or district council.
<b>principal fund</b>	Fund from which a portion is treated as a <b>sub-fund settlement</b> for capital gains tax purposes (Taxation of Capital Gains Act 1992 Sch 4ZA para 1).
<b>principal local office</b>	In relation to the expenses of a member of Parliament or an Assembly, "means the local office most frequently occupied by the member for the purposes of performing duties as a member" (Finance Act 2013 s10(6)).
<b>principal place of business (PPOB)</b>	Place where orders are received and dealt with and the business is carried on and managed.
<b>principal private residence relief</b>	For capital gains tax, another name for <b>private residence relief</b> .
<b>principal regulator</b>	Term used in Charities Act 2011 s25. It may be a government minister or a body. The function is to meet the compliance objective of the <b>Charity</b>

**Commission.**

<b>Principat d'Andorra</b>	French: Principality of Andorra.
<b>principle of factor sparsity</b>	Another term for <b>Pareto principle</b> .
<b>printing calculator</b>	Calculator which has a facility to print out the data entered and its answers.
<b>printing money</b>	Colloquialism for <b>quantitative easing</b> . This is in allusion to a country printing more bank notes without a matching increase in national wealth.
<b>print-out</b>	Document produced by a computer, particularly one which gives a table of data.
<b>prior charge percentage</b>	Proportion of a company's profits which is paid to preference shareholders and holders of similar security before it is possible to make a distribution to ordinary shareholders. It is also known as the <b>priority percentage</b> .
<b>prior charges</b>	Charges on a company's senior debt, such as debentures and loans, that rank ahead of ordinary shares.
<b>prior importation</b>	Rule that Customs must allow for replacement products to be imported before temporary exports are exported.
<b>prior informed consent (PIC)</b>	Legal provisions that apply to certain chemicals. They cannot be imported through Customs without such consent.
<b>priority</b>	In law, any precedence or preference of one thing over another, such as in payment of debts from limited funds.
<b>priority classes</b>	Those people whom the government thought were the priority for evacuation from London in 1938.
<b>priority debt</b>	Debt whose non-payment has serious consequences for debtor. These are given priority in any debt management.
<b>priority of debts</b>	Order in which debts of an insolvent company are to be paid. Provisions are set out in Insolvency Act 1986 s59.
<b>priority order</b>	<b>Attachment of earnings</b> <b>Attachment of earnings</b> order issued under Attachment of Earnings Act 1971 for unpaid fines and child maintenance. The employer must deduct a sum stated from each payslip and pay it to the court which issued the notice. A priority order must be deducted before a <b>non-priority order</b> , even if the latter has an earlier date. <b>Seizure of funds</b> Order determined by a banker when HMRC has served a <b>hold notice</b> to seize



funds held by the banker's customer (Finance (No 2) Act 2015 Sch 8 para 7(5)).

**priority percentage**

Another term for **prior charge percentage**.

**priority rule**

In relation to consideration for a lease, "is a rule (however expressed) to the effect that particular provisions have effect to the exclusion of, or otherwise in priority to, anything else" (Income Tax Act 2007 s809ZFA(7) as inserted by Finance Act 2016 s68).

**priority rules**

Rules for determining the order for applying different tax provisions.

An examples are the rules on how to categorise income that otherwise falls within two categories of income (Income Tax (Trading And Other Income) Act 2005s2.

Another example are the rules relating to loan relationship (Corporation Tax Act 2009 s464).

**priority share allocation**

Taxable benefit in kind that can arise when employees of a company are given priority in a flotation or privatisation. The tax provisions are set out in Income Tax (Earnings And Pensions) Act 2003 from s542.

**prior period adjustment**

Material adjustment to a prior **accounting period** because of a change in accounting standards or the correction of a fundamental error (FRS 3, now repealed).

**prior period errors**

"Omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

(a) was available when financial statements for those periods were authorised for issue; and

(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements" (FRS 102 section 10.19).

**prior period of loss**

Period of up to five years for which special conditions apply for a loss from **hobby farming** or **market gardening** to be available for loss relief (Income Tax Act 2007 s68(5)).

**prior tax year**

For resident nil-rate band in inheritance tax, this term is defined in Inheritance Tax Act 1984 s8D(6) as inserted by Finance (No 2) Act 2015 s9.

**prior year adjustment (PYA)**

An adjustment made in the accounts of a *current* accounting period to reflect an amendment to accounts for a previous period.

**153prisage**

Form of taxation in kind common around 13<sup>th</sup> century which comprised taking one cask of wine in ten, and one tenth or one-fifteenth of other goods.

**prisoner**

In general, a prisoner is not entitled to a **personal independence payment** (Welfare Reform Act 2012 s87).

- privacy** Legal concept that individuals and businesses are entitled not to have certain information disclosed about themselves.  
Privacy is a separate legal concept from **confidentiality** which arises from a quasi-contractual relationship, and from **secrecy** which is imposed by the state or other body.  
Tax returns are confidential rather than private.
- private** In finance, the term usually describes something which relates to an individual rather than to a company, organisation or the state.  
The term literally means apart from the state.
- private asset** Asset that is not used in a business.  
The term is used in VAT notice 701/12 in relation to sale of assets from historic houses. Generally, the sale of a private asset is outside the scope of VAT.
- private bank** Bank which is owned by a single person or a small group of individuals.
- private banking** Service offered by a bank to an individual of high net worth. Typically the services include fund management, financial advice, portfolio management and tax planning.
- private benefits** Benefits that an individual or firm receive when they are carrying from consumption or production. In the case of consumption the benefits are likely to be mainly satisfaction from consumption. For a firm, the benefits will be the revenue received from the sale of the good or service.
- private betting** Betting which is either **domestic betting** or **workers' betting** (Gambling Act 2005 Sch 15 para 6).
- private company** Any **company** which is not a **public company** (Companies Act 2006 s4(1)).
- Private Company Price Index (PCPI)**  
Index of capitalisation factors that can be used to value private companies. It is produced by the accounting firm Stoy Hayward. Its use was considered in the tax case *Foulser [2015] TC 4413*.
- private costs** Costs that are incurred to an individual or firm when they are carrying out the activities of consumption or production. They are the costs that those individuals or firms have to pay themselves.
- private currency** Currency issued by a person or private institution rather than a government. Vouchers and coupons can be seen as a form of private currency.  
In the USA, private currencies were common in the **free banking era** between 1837 and 1866.
- private customs** A unique instance of taxation being privatised.  
Between 1570 and 1588 **customs duties** on French wine docked in London were privatised. Mr Customer Smythe bought the rights, employed better staff and prospered. The government sought to grab its share of this

prosperity by steep rent increases.

**private debt**

Money owed by individuals, and not by companies, organisations, local authorities or the government.

**private enterprise**

Businesses which are owned by individuals and organisations and not by the state. The term also refers to the economic properties of a system where most supplies are thus provided.

**private equity**

Company which specialises in buying other companies with a view to turning them round for a quick profit. The companies are usually companies which are not performing well.

Typically, the private equity business buys a company using heavy borrowing (usually 70% to 90%) where the company itself pays the interest making the company highly **geared**. The private equity business often introduces a 100-day plan which often involves cutting staff, closing inefficient divisions and making other quick savings.

Profits are taxed as **capital gains** which attract lower rates than income tax on equivalent investments.

**privateer**

Private vessel commissioned to seize and plunder enemy ships. The term also refers to the commander of such a vessel.

**Private Eye**

Satirical fortnightly magazine that routinely exposes double standards in public life.

**private finance initiative (PFI)**

Method of funding public infrastructure projects from private finance.

Typically a private company funds the building of a road, school, hospital or other project in return for payments in subsequent years.

It was first used in the UK in 1992 and was subsequently widely used by governments of all parties.

**private foundation**

In the USA, a foundation that receives most of its income from, and is subject to control of, an individual or other single or limited source. See Foundation. Also in the US, the technical IRS term for an organisation which is tax-exempt under Section 501(c)(3) and classified as a private foundation under the Internal Revenue Code. In the US, a private foundation is referred to as "having a 501(c)(3) status".

**private fund consumption expenditure**

In economics, the outlay of consumers and charities on durable and non-durable goods, less net sales of second-hand goods and sums received for scrappage and waste.

**private gaming**

Gaming which happens in a private dwelling on a domestic occasion (Gambling Act 2005 Sch 15 para 2).

**private hearing**

For tax tribunals, a hearing to which the public is not admitted. A private hearing may only be ordered for reasons set out in The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 32(2).

The VAT tribunal ruled that “whenever possible, decisions of these tribunals should be given in public so that they could be published for general guidance”. A hearing should only be in private “when a hearing in public would defeat the ends of justice, or would be likely to harm the appellant in the course of his business” (*Guy Butler (International) Ltd (No 1)* [1974] VTD 106A).

- private income** Income of a person other than their main means of support.  
The term is often used to mean income of an employee from activities outside the work, or of a wife or dependant from outside the person who provides the main support (such as where the dependant receives income from an inherited investment).
- private investor** Individual who makes investments.
- private law** That part of the law that deals with the rights and duties of individuals towards each other.
- private limited company** A company which has **limited liability** but is not permitted to offer its shares to the public. Such a company generally puts the letters “ltd” after its name.
- privately financed road** Road whose construction has been funded by a private company. This cost is recouped by charging a toll, or by receipts from the government under the **private finance initiative (PFI)**.  
From 6 April 1995, such a road is specifically included in the definition of **industrial building**.
- private means** Income from investment and sources other than from work.
- private medical attendant's report**  
In the USA, a report from an individual's own doctor ('Private Medical Attendant') which does not require a medical examination to be carried out. Used for underwriting purposes.
- private medical insurance** Insurance that pays for private medical treatment if the policy-holder suffers from a condition covered by the policy.  
From 6 April 1990 to 2 July 1997 tax relief was given on premiums for such insurance for those aged 60 or more. It was restricted in 1994 when tax relief was allowed only at the basic rate of income tax.
- private motor vehicle** When visiting the UK any road vehicle solely for private use; bringing a vehicle permanently into the EU, any road vehicle (and any trailer) which is neither built, nor being used to carry more than nine people, including the driver; carry goods and do any job apart from carrying people. Further details are given in Customs notice 3.
- private operating foundation** In the USA, a legal classification for an endowed organisation which uses its income to operate a charitable activity, such as a school or camp, rather than to make grants.

<b>private ownership</b>	Situation where goods or businesses are owned by individuals rather than the state.
<b>private pension</b>	Another term for a <b>personal pension</b> .
<b>private placement</b>	Act of placing a new issue of shares with selected institutions rather than offering them to the public or to institutions generally.
<b>private pleasure-flying</b>	For the purposes of using rebated kerosene, "has the same meaning as in Article 14(1)(b) of Council Directive 2003/96/EC (taxation of energy products etc).
<b>private practice</b>	Professional services, such as accountancy, offered to clients.
<b>private property</b>	Property which belongs to a person or organisation rather than to the public.
<b>private rented housing</b>	Tax provisions for Business Expansion Scheme are set out in Finance Act 1988 Sch 4.
<b>private residence relief</b>	Relief from capital gains tax on the gain from selling a person's main residence. The relief is given in Taxation of Capital Gains Act 1992 s222.
<b>private sector</b>	"The part of a nation's economy which is not owned by the government" (HM Treasury website).
<b>private travel</b>	"Means travel between — (a) the employee's home and a place that is not a <b>workplace</b> , or (b) two places neither of which is a workplace" (Income Tax (Earnings And Pensions) Act 2003 s338(5)). Such travel is not a deductible expense from taxable earnings.
<b>private treaty</b>	Agreement between individual people.
<b>private treaty sale</b>	"This is a privately arranged sale to bodies, such as the UK National Museums and Galleries and the National Art Collections Fund. These bodies are allowed to buy objects by private treaty in accordance with the relevant legislative provisions" (VAT notice 701/12).
<b>private trust</b>	Trust benefiting one person or small group.
<b>private use</b>	In tax, description of expenditure that is for personal use and not for business use. For VAT, the input tax cannot be reclaimed even though the trader is registered for VAT and has a VAT invoice. VAT Notice 700 says "private use includes: <ul style="list-style-type: none"><li>• your own personal use of business assets, and</li><li>• use outside the business by anyone else, such as an employee, a relative or a friend".</li></ul> For income tax, such expenditure is not allowed as a tax deduction. It

should be noted that it is not necessarily wrong for personal expenditure to be shown in a business's profit and loss account. But if it is, such expenditure must be added back in determining **adjusted profit**.

In the context of whether a car or van is so available by an employee for tax purposes, means "any use other than for the employee's business travel" (Income Tax (Earnings And Pensions) Act 2003 s118(2)).

For a heavy goods vehicle, the definition is "use other than for travel which the employee is necessarily obliged to do in the performance of the duties of the employment" (Income Tax (Earnings And Pensions) Act 2003 s238(4)).

For an asset owned by an employer and used by an employee, there is a 20% tax charge. The law is Income Tax (Earnings and Pensions) Act 2003 s205. The tax charge is extended to when an asset is made available to an employee's family member by *ibid* s205(1A) inserted by Finance Act 2017 s8(2).

If part of a trader's stock is taken for personal use, it must be added back at its *selling price* and not its purchase price. For example, if a grocer takes stock that he bought for £10 but sells for £16, he must add £16 to his taxable profits.

For Customs and other import purposes, there are restrictions on the amount of goods that may be brought in for private use. For vehicles, personal use is defined as "the use of a road vehicle, trailer or caravan (whether or not motorised) for other than business" (Customs notice 3).

**private warehouse**

A customs warehouse reserved for the warehousing of goods by the warehousekeeper, ie the warehousekeeper is also the depositor of the goods.

**privately held company**

American term for company owned by a few individuals. It is a similar concept to the UK **close company**.

**privation**

State of being deprived of something, particularly something used for the comforts of everyday life.

**privatisation**

"The process of transferring a government-owned asset such as a company or property to the private sector" (HM Treasury glossary). Many such privatisations happened in the 1980s.

**privatorum 158conventio juri 158imila cedit**

Latin: an agreement between private persons does not derogate from the public right.

**privatum commodum 158imila cedit**

Latin: private good yields to public good.

**privatum incommodum public bono pensatur**

Latin: private loss is compensated by public good.

**158privilege**

Advantage, right or favour granted to someone and generally denied to others.

<b>privileged communication</b>	<p>Communication between a lawyer and a client. HMRC and Revenue Scotland are generally prohibited from accessing such communication in an <b>information notice</b>.</p> <p>For HMRC, the restriction is contained in Finance Act 2008 Sch 36 para 23. For Revenue Scotland, the restriction is contained in Revenue Scotland and Tax Powers Act 2014 s138.</p>
<b>privileged data</b>	<p>Information contained in a <b>privileged communication</b>. The scope for tax advisers is set out in Professional Conduct in Relation to Taxation from para 6.31.</p>
<b>privileged trusts</b>	<p>Term used for trusts that are exempted from some tax provisions because of their nature. The term particularly applies in respect of trusts that are not caught by the 2006 changes of applying <b>discretionary trust</b> rules to previously tax-advantaged trusts.</p> <p>Privileged trusts now include:</p> <ul style="list-style-type: none"><li>• charitable trusts</li><li>• pre-2006 accumulation and maintenance trusts where the beneficiaries inherit absolutely at the age of 18</li><li>• age 18-25 trusts</li><li>• trusts for a bereaved minor</li><li>• employee trusts.</li></ul>
<b>privileged will</b>	<p>Will made by a soldier on active service or by a sailor at sea.</p> <p>It is valid even though any of the below apply, that otherwise invalidate a will:</p> <ul style="list-style-type: none"><li>• it is not in writing</li><li>• it does not have two witnesses</li><li>• the testator was under 18.</li></ul> <p>This provision dates back to the 6<sup>th</sup> century AD.</p>
<b>privilegium non valet contra rempublicam</b>	<p>Latin: a privilege avails not against the state.</p>
<b>privity of contract</b>	<p>The general legal rule that only the parties to a contract may sue on it. There are many exceptions to this rule, such as third parties to a contract in addition to some exceptions relating to land.</p>
<b>Privy Council</b>	<p>“means the Lords and others of Her Majesty’s Most Honourable Privy Council” (Interpretation Act 1978 Sch 1).</p>
<b>Privy Purse</b>	<p>Fund for official expenses of the Queen as head of state and for some personal expenditure. The principal source is from the Duchy of Lancaster.</p>
<b>prize</b>	<p><b>War property</b> Winning of ships and (from 1939) aircraft in war</p> <p><b>Gaming</b> Something won or gained, such as an award or a prize from a competition or wager.</p>

A prize may be relieved from customs and excise duties (Customs and Excise Duties (General Reliefs) Act 1979 s9).

#### ***VAT and gaming machines***

For VAT on gaming machines, the chance to play a game again without further fee is not a prize (Value Added Tax Act 1994 s23(6)(h)).

#### ***Bingo duty***

The word "means anything won at bingo" (Betting and Gaming Duties Act 1981 s20C(2)).

<b>prize bingo</b>	<b>Bingo</b> where the prizes are other than cash.
<b>prize competition</b>	Competition for which a prize is awarded and which is not gaming, betting or a lottery (Gambling Act 2005 s339). This is not regarded as gambling. In gambling, something which requires a guess, such as the outcome of a race, regardless of whether any money is staked (Gambling Act 2005 s11).
<b>prize court</b>	Court established to determine whether a captured ship or aircraft may be regarded as <b>prize</b> .
<b>prize gaming</b>	Gaming where neither the nature nor size of the prize played for is determined by the number of persons playing or the amount paid to participate (Gaming Act 2005 s288).
<b>prize money</b>	Net proceeds from the sale of captured enemy vessels.
<b>prize salvage</b>	Payment for services in retaking a ship, aircraft or goods from the enemy. From 21 January 1944, such a claim needs the consent of the Admiralty or Secretary of State (Prize Salvage Act 1944).
<b>prize total</b>	In relation to children's television, means the amount of any money prize plus the cost of providing any non-money prize (Corporation Tax Act 2009 s1216ASA(3) as inserted by Finance Act 2015 s30). From 1 April 2015, there is a special tax relief for making children's programmes other than quiz shows and game shows where the prize total exceeds £1,000. "The prize total for a programme is the total of — (a) the amount of each relevant prize that is a money prize, and (b) the amount spent on each other relevant prize by, or on behalf of, its provider" (Corporation Tax Act 2009 s1216DA(3)). Relevant prize "means a prize offered in connection with participation in a quiz, game, competition or contest in, or promoted by, the programme" (ibid).
<b>PRN</b>	<b>Packaging waste recovery note.</b>
<b>PRO</b>	Personal Reliefs Order, the Excise Duties (Personal Reliefs) Order 1992.



<b>pro</b>	(1) Latin: for. The term can be used to describe those in favour of something. Those against are anti. (2) Abbreviation: professional, in its loosest meaning.
<b>pro aris et focis</b>	Latin: for altars and firesides, in other words for both faith and home.
<b>probability</b>	<p><i>Statistics</i></p> <p>The mathematical likelihood of an eventuality, expressed as a number between 1 (certainty) and 0 (impossibility).</p> <p><i>Accounting</i></p> <p>One of the two <b>recognition criteria</b> for recognising an item in the accounts. The other criterion is <b>reliability of measurement</b>.</p> <p>“The concept of probability is used in the first recognition criterion to refer to the degree of uncertainty that the future economic benefits associated with the item will flow to or from the entity” (FRS 102 section 2.29).</p>
<b>probable</b>	In accounting, “more likely than not” (FRS 102 glossary).
<b>probate</b>	<p>Legal recognition of a will. The process by which the Will of someone who dies while living in England or Wales is validated.</p> <p>A local Probate Office will issue a Grant of Probate to validate a will and authorising the executors to administer the estate. This Grant has the status of a decree of the High Court. Hence anyone dealing in good faith with the executors named in the Grant has legal protection against any other party claiming to represent the deceased.</p> <p>If the executors cannot pay tax that becomes due before probate is granted, extra-statutory concession A17 may allow the due date to be regarded as 30 days after probate or letters of administration.</p>
<b>Probate Court</b>	Court formed in 1858 to deal with probate matters.
<b>probate duty</b>	A <b>stamp duty</b> imposed on the grant of probate under Customs and Inland Revenue Act 1881. It is now abolished.
<b>probationer</b>	Person on probation, such as a new employee who is being tested for suitability for a trial period.
<b>probation purposes</b>	Guidance on matters relating to probation and supervision of offenders (Offender Management Act 2007 s1).
<b>probationary period</b>	Period at the start of an employment to see if the employee is capable of doing the job. If the employee fails, he is usually fairly dismissed. If the employee completes the probationary period, it ends and he becomes a permanent employee. In marginal cases, the period is extended. The period is typically six months.
<b>probatum est</b>	Latin: it is proved.

<b>probity</b>	Moral integrity, honesty, uprightness. The term is often used in relation to the integrity of an administrative function.
<b>problem child</b>	Term sometimes used for a business or part of a business operating in a growth market, and where its outcome is highly unpredictable and therefore very difficult to value. It is also known as a <b>question mark</b> .
<b>pro bono</b>	Abbreviation of <b>pro bono 162imila</b> , particularly in relation to a barrister who takes a case without payment.
<b>pro bono 162imila</b>	Latin: for the public good.
<b>procedural allegation</b>	Allegation made to a person or organisation that they have not followed the proper procedure.
<b>procedural fairness</b>	Principles of <b>natural justice</b> that relate to the proper conduct of a criminal investigation or equivalent. This includes matters such as providing adequate notice to the affected party, allowing the party to make amends (where appropriate) or take other effective action (such as resigning), providing details of the charge, and being given the <b>right to be heard</b> . Judicial guidance has been provided on <b>fairness</b> .
<b>procedure</b>	Method of doing something. In general, determining a procedure and following it is a defence to misconduct.
<b>proceedings against the Crown</b>	Any action against the state as personified by the Queen and permitted under Crown Proceedings Act 1947. S 38(2) states that this expression "includes a claim by way of set-off or counterclaim raised in proceedings by the Crown".
<b>proceedings or other process</b>	In relation to tax allowance for employee's expenses, the term "includes any civil, criminal or arbitration proceedings, any disciplinary or arbitration proceedings of any kind and any process operated for resolving disputes or adjudicating on disputes" (Income Tax (Earnings and Pensions) Act 2003 s560(4) as inserted by Finance (No 2) Act 2017 s3(6)).
<b>proceeds</b>	Amount received from a sale or disposal.
<b>proceeds of realisation</b>	For corporation tax "means the amount recognised for accounting purposes as the proceeds of realisation less the amount so recognised as incidental costs of realisation" (Corporation Tax Act 2009 s739(1)).
<b>process</b>	For spirits duty, "an operation carried out in order to manufacture spirits, including operations on spirits after their manufacture" (Customs notice 39).

<b>process costing</b>	Costing something by adding up the costs of each process which makes up the whole.
<b>processed date</b>	In the USA, the date that a charitable contribution was credited to the account by the <b>Charitable Gift Fund</b> .
<b>processed product</b>	Term used for customs duties. If product A is <b>processed under Customs control</b> and becomes product B, the duty is paid at the rate for product B. This is called a processed product.
<b>processed under Customs control</b>	For customs duties, when a product is imported and changed into another product in accordance with advance authorisation by HMRC. The duty is charged according to the product it has become.
<b>processing</b>	<p>For the purposes of data protection, "in relation to information, means an operation or set of operations which is performed on information, or sets of information, such as —</p> <ul style="list-style-type: none"><li>(a) collection, recording, organisation, structuring or storage,</li><li>(b) adaptation or alteration</li><li>(c) retrieval, consultation or use</li><li>(d) disclosure by transmission, dissemination or otherwise making available,</li><li>(e) alignment or combination, or</li><li>(f) restriction, erasure or destruction,</li></ul> <p>(subject to subsections (14)(c) and sections 5(7), 29(2) and 82(3), which make provision about references to processing in the different Parts of this Act" (Data Protection Act 2018 s3(4)).</p>
<b>processing equipment</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>process now, check later</b>	<p>Principle now adopted in relation to most forms of <b>tax return</b>. HMRC accepts returns from taxpayers at face value, processes them and runs any checks later.</p> <p>If HMRC later discovers an error, it may make a <b>repair</b>. A taxpayer may make a <b>return adjustment</b>. It is known that most returns are unchecked, and many errors go uncorrected.</p>
<b>processor</b>	In computing, the main part of the machine which does the data processing and computing.
<b>procès-verbal</b>	French term meaning a detailed and official statement, especially an authenticated document setting out the events of a criminal act.
<b>proclamation of emergency</b>	Order made by the King or Queen in Council to Parliament which invokes proceedings under Emergency Powers Act 1920.

<b>pro confesso</b>	Latin: as if conceded.
<b>procuration fee</b>	<p>Fee charged by a lender to secure a loan. It is also known as a commitment fee.</p> <p>Under normal allowability rules, such a fee is not allowable if it is incurred as part of the cost of obtaining capital, but is allowable if the borrowings are temporary.</p> <p>A leading case on this is <i>Ascot Gas Water Heaters Ltd v Duff</i> 24 TC 171. The matter is discussed in the Inspector's Manual at BIM 45825.</p>
<b>procurement</b>	<p>Policy and procedure relating to the acquisition of goods and services.</p> <p>For organ transplants, the term "means a process by which <b>tissues</b> or <b>cells</b> are made available" (Directive 2003/23/EC article 3).</p>
<b>prodigal</b>	Wasteful.
<b>produce</b>	<p>(1) Yield of goods for sale, particularly of crops (noun).</p> <p>(2) In relation to HMRC powers, "in relation to a document, includes furnish, deliver and any other equivalent expression" (Finance Act 2008 s114(9)) (verb)</p>
<b>produce a broadly compensatory amount</b>	Term used in Income Tax Act 2007 s384A in relation to the disallowance of certain loan arrangements against income tax.
<b>produce a post-tax advantage</b>	Term used in Income Tax Act 2007 s384A in relation to the disallowance of certain loan arrangements against income tax.
<b>produced under licence</b>	Term used for <b>beer duty</b> when a small brewer produces beer for a large brewer. Such beer does not attract the lower rate of <b>beer duty</b> for <b>small brewery beer</b> (Customs notice 226).
<b>producer</b>	For consumer contracts, the term includes a manufacturer, importer or person who purports to provide digital content (Consumer Rights Act 2015 s59(1)).
<b>producer control</b>	<p>Term in economics for an organisation run for the convenience of itself, as against <b>consumer control</b> which is run for the convenience of its users.</p> <p>HMRC and the National Health Service are commonly cited examples of producer control.</p>
<b>producer gas</b>	Generic term for any kind of gas used for heating or power and which is obtained by a process rather than occurring naturally. The main producer gases are <b>wood gas</b> , <b>town gas</b> and <b>syngas</b> .
<b>producer's goods</b>	In economics, goods such as tools, vehicles, storage and raw materials which are used to make other goods.

<b>producers' price index</b>	In the USA, a measure of the annual increase in the price of goods sold by producers.
<b>product cost</b>	In management accounting, cost associated with specific goods or services that are acquired or made for sale to customers.
<b>product differentiation</b>	In management accounting, the ability of a business to charge a higher price for its products or services because of the quality of the product or service, or because of the reputation of the business.
<b>production animal</b>	Animal kept for a trade purpose. A capital allowance may not be claimed (Capital Allowances Act 2001 s38).
<b>production company</b>	In relation to special reliefs for theatrical productions, the term is defined in Corporation Tax Act 2009 s1217FC. For orchestra tax relief, the term is defined in Corporation Tax Act 2009 s1217PB.
<b>production cost</b>	Cost of producing goods for sale.
<b>production cost centre</b>	In management accounting, the <b>cost centre</b> that relates to <b>production</b> .
<b>production department</b>	Part of a business which is responsible for producing goods for sale.
<b>production expenditure</b>	For the purposes of corporation tax relief on film production, this term is defined in Corporation Tax Act 2009 s1184 and s1216AG(2).
<b>production herd</b>	For <b>herd basis</b> , "means, in relation to a farmer, a herd of animals or the same species (irrespective of breed) kept by the farmer wholly or mainly for the <b>products obtainable from the living animal</b> which the animals produce for the farmer to sell" (Corporation Tax Act 2009 s110(1)(c) and Income Tax (Trading and Other Income) Act 2005 s112(1)(c)).
<b>production order</b>	Order which a sheriff may make under Proceeds of Crime Act 2002 s380. The order is made on a person who has possession or control of property belonging to a person subject to the Act. The subject of the order must then deliver that property.
<b>production order</b>	Order which may be made under Proceeds of Crime Act 2002 s345.
<b>production overhead</b>	Another term for <b>production overhead costs</b> .
<b>production overhead costs</b>	Costs of production that are spread across all output, rather than being identified with specific goods or services.
<b>production plan</b>	In management accounting, statement that sets out quantities of resources needed for the <b>operational budget</b> .
<b>production target</b>	Quantity of goods which a business, department or section is expected to produce.

<b>production unit</b>	Team of workers who have a collective responsibility for an area of production.
<b>productive capital</b>	Capital which is used to generate an income, either in a business or as an investment.
<b>productive</b>	Capable of producing.
<b>productivity</b>	<p>Output. In accounting, this is usually as a measure per machine or per employee.</p> <p>In economics, this may refer to the wealth which is generated by producing goods and services.</p>
<b>productivity agreement</b>	Agreement between an employer and employees to make an additional payment according to output.
<b>productivity bonus</b>	Additional payment made to workers in respect of their productivity.
<b>productivity drive</b>	Effort made to increase productivity.
<b>product life cycle</b>	The life stage of a product. It includes, introduction, growth, maturity and decline.
<b>products available from the living animal</b>	<p>In relation to the <b>herd basis</b>, "means —</p> <ul style="list-style-type: none"><li>(a) the young of the animal, or</li><li>(b) any other product obtainable from the animal without slaughtering it" (Corporation Tax Act 2009 s110(2) and Income Tax (Trading and Other Income) Act 2005 s112(2)).</li></ul>
<b>product-sustaining activities</b>	In management accounting, activities undertaken to enable output of products but which are not closely dependent on how many units of product are produced.
<b>PROF</b>	Professional Firms sourcebook, published by the Financial Services Authority.
<b>profession</b>	<p>Occupation involving skill, either intellectual or controlled manual skill. Such activities are taxed as trading income, or Schedule D Case II before 6 April 2005. For the purposes of income tax and corporation tax, the main differences between a trade and a profession are:</p> <ul style="list-style-type: none"><li>• some capital allowances are only available to a trade;</li><li>• the <i>Sharkey v Wernher</i> rule on goods taken for personal use only applies to a trade.</li></ul> <p>For tax purposes, "profession" is now taken to mean a discipline that "normally involves some substantial exercise of intellectual skill" (Inspectors' Manual BIM14090).</p> <p>For VAT, guidance is given in VAT leaflet 701/5.</p>
<b>professional behaviour</b>	In relation to tax professionals, this is a fundamental principle set out in Professional Conduct in Relation to Taxation paras 2.19 to 2.25.

<b>professional board</b>	Type of board of directors which shows concern for both the company's tasks and interpersonal relations between the directors.
<b>professional body</b>	Organisation which oversees and represents the interests of a particular profession.
<b>professional clearance</b>	Another term for <b>professional enquiry</b> .
<b>professional competence and due care</b>	In relation to tax professionals, this is a fundamental principle set out in Professional Conduct in Relation to Taxation paras 2.7 to 2.13.
<b>professional conduct in relation to taxation (PCRT)</b>	Guidance for <b>tax agents</b> agreed by the main accounting and tax bodies, namely AAT, ACCA, ATT, CIOT, ICAEW, ICAS and STEP. The latest guidance was issued on 1 May 2015, replacing that of 24 February 2014, which replaced the first guidance of 4 January 2011.
<b>Professional Contractors Group</b>	Body formed to campaign and litigate against the IR35 tax rules for personal service companies. They were not successful.
<b>professional enquiry</b>	Enquiry from a tax adviser, or prospective adviser, from a former tax adviser. The former tax adviser should seek permission from the client before disclosing any information. If permission is refused, the new adviser should be informed of that fact and left to make his or her own decision on whether to act for the client. If permission is granted, the former adviser should disclose "all the information needed and reasonably requested by the prospective adviser to enable him to decide whether to accept the work" (Professional Conduct in Relation to Taxation paras 5.37 to 5.39).
<b>professional expertise</b>	In relation to VAT and professional subscriptions, means "expertise connected with what is generally understood to be a profession" (VAT leaflet 701/5).
<b>professional fee</b>	Fee paid to belong to a professional body. A list of tax-deductible fees is given in Income Tax (Earnings And Pensions) Act 2003 s343(2).
<b>professional fees</b>	Amounts paid to a professional person.
<b>Professional Group (PG)</b>	Body which represents taxpayers on a <b>Working Together Steering Group</b> .
<b>professional indemnity insurance (PII)</b>	Insurance that protects professionals against liability claims resulting from negligent work. Premiums on such policies are allowable as a business expense. Damages paid for professional negligence are disallowed to the extent that they are covered by insurance. The matter is discussed in the Inspector's Manual at BIM45515.

**professional membership** Fees for such membership are generally tax-deductible (Income Tax (Earnings And Pensions) Act 2003 s343).

**Professional Oversight Board (POB)**

Part of the **Financial Reporting Council**.

**profiling** For the purposes of data protection, “means any form of automated processing of personal data to evaluate certain personal aspects relating to an individual, in particular to analyse or predict aspects concerning that individual’s performance at work, economic situation, health, personal preferences, interests, reliability, behaviour, location or movements”. (Data Protection Act 2018 s33(4)).

**profit**

Wealth generated by the activities of a commercial entity.

In terms of accounting, the plural **profits** is generally used.

Profit is usually distinguished between **gross profit** and **net profit**

where:

turnover – cost = gross profit

gross profit – overheads = net profit.

The amount of profit is stated in the business’s profit and loss account.

Income tax or corporation tax is charged on the net profit before tax, as adjusted in accordance with tax law.

**profitability**

Ability of an activity to make a profit.

**profitability index**

In management accounting, the **present value** of cash flows (using the cost of capital as the discount factor) divided by the present value of the resources needed to generate those cash flows.

**profit after tax**

Net profit after deducting a sum for income tax or corporation tax.

**profit and loss**

Financial statement indicating how much profit or loss has been made by a commercial entity over a period. The term is a misnomer as a company makes either a profit *or* a loss. Companies have been obliged to publish a profit and loss account since the passing of Companies Act 1929.

The four statutory formats for profit and loss accounts are given in SI 2008 No 410.

International standards sometimes refer to this account as the **income statement**.

**profit and loss allocation scheme**

Tax avoidance scheme used in partnerships (including LLPs) whereby profits of a tax-paying partner are allocated to a non-tax-paying partner.

**profit before interest and tax**

Net profit before interest payable and either income tax or corporation tax has been deducted.

**profit before tax**

Another term for **pre-tax profit**.



<b>profit centre</b>	Part of an organisation which may be considered separately in terms of determining where profits are being earned.
<b>profit distribution</b>	Allocation of profits to different recipients, such as to the government (as tax), to shareholders (as dividends) and to the company itself (as retained profits).
<b>profiteer</b>	Person who maximises profit at the expense of quality or integrity.
<b>profiteering</b>	Practice of making excessive profits, usually by cutting the quality of goods or by engaging in improper practices.
<b>profit extraction</b>	Means by which a person extracts finance from a company. The two main choices are dividends or salary. The former avoids class 1 national insurance; the latter is deductible from profits subject to corporation tax. There are other factors to consider.
<b>profit from ordinary activities</b>	Profit earned in the course of normal trading activities rather than from unusual items.
<b>profit making</b>	Description of an activity which is either intended to make a profit or does so.
<b>profit margin</b>	<b>Profit</b> divided by <b>turnover</b> (sales) multiplied by 100 to give a <b>percentage</b> . Profit is usually <b>net profit before tax</b> .
<b>profit margin on a supply</b>	Term used in Value Added Tax Act 1994 s50A(4) in relation to VAT on <b>margin schemes</b> .
<b>profit on ordinary activities before tax</b>	Net profit from ordinary trading activities before income tax or corporation tax has been deducted. This figure excludes profit from such activities as investments, rent of excess capacity or profit on disposal of assets.
<b>profit or loss</b>	"The total of income less expenses, excluding the components of <b>other comprehensive income</b> " (FRS 102 glossary).
<b>profit per accounts</b>	First entry in a tax computation for business profits. The figure is the net profit before tax. A series of adjustments is then made to determine the <b>adjusted profit</b> that is subject to tax. The steps in the series are broadly: <ul style="list-style-type: none"><li>• to add to the profit items disallowed for tax purposes (such as depreciation, fines, personal expenditure and certain types of entertainment)</li><li>• to adjust the figures for other items to bring them into line with tax law (such as leasing charges, goods taken from stock for personal use)</li><li>• to deduct capital allowances</li><li>• to claim various tax reliefs</li><li>• to make any other adjustment required by tax law.</li></ul>

**profit related** Description of anything which is related to the amount of profit earned by an organisation. An example is profit-related pay.

**profit related bonus** Bonus paid to a worker according to how much profit has been earned.

<b>profit-related expense</b>	<p>An expense of a business whose amount is related to the profits of the business.</p> <p>For tax, the issue is whether the expense is in truth a <b>dividend</b> or share of the profit, in which case it is not tax-deductible. However, relation to profits is not fatal to tax-deductibility as was shown in the case <i>British Sugar Manufacturers Ltd v Harris [1937] 21TC528</i>. The matter is discussed in the Inspectors' Manual at BIM37830.</p>
<b>profit related pay (PRP)</b>	<p>Amount of pay which is related to how much profit was earned.</p> <p>Between 23 July 1987 and 31 December 1999, PRP attracted tax relief up to certain limits. Only half of PRP was tax-free before 1 April 1991.</p> <p>The tax-free or tax-reduced limit was the lower of:</p> <ul style="list-style-type: none"><li>• 20% of earnings (before PRP)</li><li>• £4,000 a year (£3,000 before 1 April 1989).</li></ul> <p>The scheme was phased out over two years, so the maximum was £2,000 for 1998 and £1,000 for 1999.</p>
<b>profit retained for the year</b>	<p>Amount of profit which a business does not pay to its members but keeps for its own use.</p>
<b>profits</b>	<p>Term used in Taxes Management Act 1970 to mean incomes or gains which are subject to income tax or capital gains tax or (depending on context) corporation tax.</p> <p>A company may only pay dividends or other distributions from profits (Companies Act 2006 s830).</p>
<b>profits à prendre</b>	<p>In law, right exercised by one person in the soil of another, such as the rights of pasture or digging for sand.</p>
<b>profits chargeable to tax</b>	<p>In relation to overseas leasing, the term</p> <p>“(a) includes profits chargeable under section 1313(2) of Corporation Tax Act 2009 (profits from exploration and exploitation of the seabed etc), but (b) excludes profits arising to a person who, under double taxation arrangements, is afforded or is entitled to claim any relief from the tax chargeable on those profits” (Capital Allowances Act 2001 s105(3)).</p>
<b>profit-seeking motive</b>	<p>Desire for an organisation to make a profit for its owners or operators. The presence of such a motive will usually make any profit or surplus taxable. The absence of such a motive does not necessarily mean that any surplus avoids tax. The matter is discussed in the Inspectors' Manual at BIM24345 and elsewhere.</p>
<b>profit share agency</b>	<p>A form of <b>alternative finance</b> arrangement.</p> <p>Its income tax provisions are set out in Income Tax Act 2007 s564F.</p>

**profit share agency arrangements**

One of the five forms of **alternative finance arrangement** (Taxation of Capital Gains Act 1992 s151M).

**profit sharing**

Any scheme whereby a commercial enterprise passes some of its profits to its workers.

There are currently several tax-advantaged schemes, namely **enterprise management initiative, SAYE, company share option plans and share incentive plans.**

The term is also used for the specific approved profit-sharing scheme that was tax advantaged between 6 April 1979 and 5 April 2002. The rules changed several times during this period. Basically they allowed an employee to receive shares up to a monetary value and (from 6 April 1983) up to 10% of salary if higher. The scheme had to be offered to all employees with at least five years service and who worked 20 or more hours a week. The employer had discretion to offer it to other employees. The shares were held in a trust for three years (five years before 29 April 1996 and seven years before 25 July 1985) unless sale was prompted by retirement or illness. The legislation was Income and Corporation Taxes Act 1988 Sch 9.

**profit shifting**

Means by which an international company can move profit to a lower-taxed country. It includes such matters as fees, royalties, transfer pricing, thin capitalisation and similar.

The term was used by OECD in an Action Plan announced in July 2013.

**profits of a trade**

Amount on which a trade is subject to income tax under Income Tax (Trading And Other Income) Act 2005s25 or to corporation tax under Corporation Tax Act 2009 s46.

**profits or losses of a capital nature**

In relation to **investment trusts**, "means profits or losses which —  
(a) are accounted for through the capital column of the income statement in accordance with the Statement of Recommended Practice, or  
(b) would have been so accounted for if that Statement had been applied correctly"  
(Corporation Tax Act 2009 s627(2)).

The Statement of Recommended Practice is that produced in 2003 by the Association of Investment Trust Companies.

There are similar provisions for **venture capital trusts** in Corporation Tax Act 2009 s638.

**profit squeeze**

Any circumstance where profits are difficult to maintain. This may result from government controls, increased competition or changes within a business.

**profit taking**

Selling an investment which is doing well to realise the profit currently indicated in its value.

<b>profits tax</b>	<p>A tax on commercial profits levied from 6 April 1946 to 5 April 1965. It replaced <b>national defence contribution</b>, and was succeeded by <b>corporation tax</b>. During the second world war, there was an <b>excess profits tax</b>. The profits were calculated on the same basis as <b>Schedule D Case I</b> for income tax.</p> <p>The tax was charged at a single rate which was 15% at the time of its abolition, but had been as high as 30%.</p>
<b>profits warning</b>	<p>Announcement made by a quoted company that it expects its profits to be lower than previously expected.</p>
<b>profitto</b>	<p>Italian: profit.</p>
<b>profit-volume chart</b>	<p>In management accounting, a graph which plots sales on the x-axis and profit for each quantity of sales on the y-axis.</p>
<b>profligate</b>	<p>Extravagant, rashly wasteful.</p>
<b>pro forma</b>	<p>Latin: as a matter of form.</p>
<b>pro forma invoice</b>	<p>A document issued before goods or services have been supplied to ask for prepayment.</p> <p>It is not regarded as an invoice for bookkeeping, VAT or any other tax purpose.</p>
<b>prognosis</b>	<p>Proposed solution which follows a <b>diagnosis</b>.</p>
<b>program</b>	<p>A series of instructions for a computer, telling it what to do or how to behave. The terms "application" and "app" mean almost the same thing. "Program" is also the verb that means to create a program.</p>
<b>programmable</b>	<p>Description of a computer, calculator or other appliance which is capable of having instructions entered to perform a function.</p>
<b>programme</b>	<p>For VAT, a programme supplied on its own is zero-rated as a brochure.</p> <p>Where it is supplied in connection with a fair, sporting event, concert or similar, it may be possible to apportion the consideration. An early case of apportionment was <i>M H Jarmain [1979] VTD 723</i> where 25% of the admission to a stamp fair was attributed to the programme.</p> <p>This was followed in the case <i>J C Thomas [1985] VTD 1862</i> when 15% of the charge for a greyhound race was attributed to the programme. However no apportionment was allowed for almost identical facts relating to a greyhound race in <i>Town &amp; Country Factors Ltd (No 2) [2002] VTD 18569</i>.</p>
<b>programme evaluation and review technique</b>	<p>Method of evaluating and controlling a large project particularly with regard to completing it on time.</p>
<b>programme trading</b>	<p>Generic term for various stock market strategies designed to take advantage of arbitrage possibilities between indices, futures and options, and their</p>

underlying share prices.

- progressive condition** Disability whereby a person's condition slowly deteriorates (Disability Discrimination Act 1995 Sch 1 para 8). Examples given in the Act include cancer, multiple sclerosis and muscular dystrophy. A person with a progressive condition is regarded as disabled as soon as that condition is diagnosed even if the disability is not yet severe.
- progressive duty** Old element of stamp duty where the rate increases according to the length of the document. It is abolished from 1 January 1871.
- progressive tax** Tax that takes an increasing proportion of income as income rises. Income tax is an example.
- pro hac vice** Latin: for this occasion.  
The term is commonly used when a person is appointed for a single occasion, such as to judge one case.
- prohibited allowance** Capital Allowances Act 2001 s114 gives this a specific meaning in relation to a capital allowance that has been wrongly claimed for overseas leasing of plant and machinery. The section provides a mechanism for recovering the allowance. This mechanism is explained in the Inspector's Manual at CA 24350.
- prohibited name** Name which a company is not allowed to use (Companies Act 2006 s53).  
A name may not be used if it indicates a connection with a public body or local authority which it does not have or if it contains words or expressions which have been banned by regulation.  
A name may also be prohibited if it uses characters or symbols which are not permitted (ibid s57). A name may not be used if it is the same or too similar to a name already in use (ibid s66).
- prohibited or restricted goods** "Goods of a class or description of which the importation, exportation or carriage coastwise is for the time being prohibited or restricted under or by virtue of any enactment" (Customs and Excise Management Act 1979 s1(1)).  
Prohibited goods generally may not be imported into the UK at all, while **restricted goods** need a licence or similar authority. Prohibited goods include "unlicensed drugs, offensive weapons, indecent and obscene material featuring children, pornographic material, counterfeit and pirated goods, meat, milk and other animal products" (Customs notice 3).
- prohibited place** In relation to spying and similar offences, this term is defined in Official Secrets Act 1911 s3.
- prohibition** Ban on something, particularly on the consumption of alcoholic drink, and particularly in the USA between 1920 and 1933.
- prohibition order** Order that legally prohibits some action or some person.  
For housing, notice served under Housing Act 2004 s20 or s21 which imposes conditions on a domestic property where a hazard exists.

For pensions, an order made by the **Pensions Regulator** under Pensions Act 1995 s3 which prevents a person being a pension fund trustee.

<b>prohibitive</b>	Description of a price which is so high that the goods or services are not bought.
<b>pro indiviso</b>	Latin: as undivided.
<b>pro interesse suo</b>	Latin: as to his interest.
<b>project</b>	Plan or piece of work considered separately from other work.
<b>Project 2010</b>	Tax avoidance scheme based on <b>Gift Aid with no real gift</b> .
<b>Project Blue</b>	Long-running tax case finally heard in the Supreme Court on 13 June 2018. It related to the sale of Chelsea Barracks in 2007 using an SDLT avoidance scheme that was found not to be effective.
<b>Project Corbiere</b>	Tax avoidance scheme that tried to save income tax by exploiting a perceived mismatch between legislation on accrued interest rules and manufactured interest. It was also known as Whitebox. The scheme was rendered ineffective by the case <i>Barnes [2011] TC 972</i> .
<b>project deliverable</b>	In <b>project management</b> , a term for exactly what is delivered during the project. This should be specified in sufficient detail that there can be no argument as to whether the deliverable has been delivered.
<b>projected unit method</b>	In accounting for pensions, method of actuarial valuation that makes allowance for projected earnings. “An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation (sometimes known as the actuarial benefit method pro-rated on service or as the benefit/years of service method)” (FRS 102 glossary).
<b>Project Fear</b>	Term coined in 2016 by those who wish to leave the European Union to describe the campaign of those who wished to remain. This concentrated on the perceived risks of leaving, often believed to be exaggerated, rather than on the benefits of staying.
<b>project finance</b>	Funding allocated for a specific project.
<b>Project Goldcrest</b>	Tax avoidance scheme that involves 28 steps to re-order an international company's tax affairs to avoid tax and for no other commercial reason. The US tax authorities accused Amazon of using this scheme in 2016. Amazon denied the allegation.
<b>project initiation</b>	First phase of <b>project management</b> . Typically it includes setting policy objectives, defining the project's

scope, establishing the strategy and deriving the structure in which the work is broken down.

**project management** Discipline of applying management skills to the administration of a project for maximum efficiency.

The recognised stages of project management are initiation, specification, design, build, implementation and review.

**project manager** Person who oversees **project management**.

The main functions of a project manager are to plan, organise, co-ordinate, control and lead.

**project objective** Objectives followed in **project management**.

Such objectives should be measurable, achievable and consistent.

**project phase** In **project management**, periods of the project when the **project objectives** may be conveniently grouped.

**project-related reserves** For gas and oil companies, this term is defined in Corporation Tax Act 2010 s332DB(7).

**Project Zephyr** Tax avoidance scheme that sought to create allowable losses. The scheme was the subject of the tax appeal *Fidex [2011] TC 1550*.

**proliferation** In biology, growth (often rapid) by multiplication of cells, buds or similar. By extension, the term means a rapid growth of something from internal forces.

**prolix** Unnecessarily wordy, description of a document that is unnecessarily long. In the case *Mylward v Weldon 1595*, this was held to be an offence when applied to court documents.

In that case a plea that could have been written on 16 pages was written on 60. The offender was ordered to be paraded round the courts with his head sticking through a hole cut in his prolix pleadings. The offence remains (in theory), though the penalty does not.

**pro memoria** Latin: for a memorial.

**promise** Voluntary agreement by one person to another for the performance or non-performance of an act.

Unless made under seal, a promise is not a contract and therefore is usually unenforceable.

**promise not to resign** Such a payment made to a director or employment is taxed as employment income. In the case *Prendergast v Cameron [1940] 23TC122*, Viscount Caldicott said "I can see no difference between a promise not to resign and a promise to continue to serve as a director".

**promissory estoppel** Legal remedy under equity that certain rights cannot be enforced in circumstances where it appears that the person's conduct has accepted the



matter. The doctrine was developed in the **High Trees case** in 1947.

**promissory note**

“An unconditional promise in writing made by one person to another signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person or to bearer” (Bills of Exchange Act 1882 s83(1)).

Ordinary bank notes were once regarded as promissory notes.

**promote**

Encourage or advertise.

**promoter**

Someone who advertises or seeks custom, particularly someone who seeks to raise funds for a new business venture.

In relation to tax avoidance schemes, “a person is a promoter if, in the course of a relevant business they:

- are to any extent responsible for the design of a scheme
- make a firm approach to another person with a view to making a scheme available for implementation by that person or others
- make a scheme available for implementation by others
- organise or manage the implementation of a scheme” (HMRC guide published in January 2016).

**Promoter of Tax Avoidance Scheme (POTAS)**

Tax adviser who operates in secrecy, does not co-operate with HMRC and who operates in a culture of non-disclosure. Most tax advisers do not come within this definition.

In 2014, new regulations were introduced to deal with POTAS. This has two stages. First, HMRC issues a conduct notice, against which there is no appeal. If the terms of this notice are not followed, HMRC may go to a tribunal to seek a monitoring notice. This requires the POTAS to comply with stricter monitoring rules and to tell clients that he has been so identified. HMRC may also publish the name of the POTAS.

**promotion**

- (1) Advertising or marketing effort.
- (2) In personnel, raising the status, rank or position of an employee.

**promotional events**

The tax allowability of entertainment at such events is discussed in the Inspector's Manual at BIM 45020.

**promotion money**

Money paid to the promoters of a company for their services in launching it.

**prompt payment**

Payment when it is due, particularly of a bill.

**prompt payment discount (PPD)**

Discount offered on the charge for goods or services if payment is made promptly. An example is offering a 1% discount for payment within seven days of invoice.

Before 1 April 2015, VAT was charged on the discounted price even if payment was not made promptly and the discount not given. From 1 April 2015, VAT is charged on the actual amount paid.

<b>promulgation</b>	Proclamation; putting a law into effect.
<b>proof</b>	<p>(1) Evidence provided in the form of a copy of a page to demonstrate that work has been carried out as specified.</p> <p>(2) <b>Proof spirit.</b></p> <p>(3) In coinage, a coin struck from special dies with a mirror-like or matt surface.</p>
<b>proof of criminal intent</b>	A matter for a court or jury to determine in a criminal trial under Criminal Justice Act 1967 s8.
<b>proof of earnings</b>	<p>Statement from an employer confirming an employee's earnings. Such statements are sometimes required for mortgage applications, social security claims or other purposes. (In 2007, it was estimated that 23% of mortgage applicants overstated their salary.)</p> <p>An employer should only provide such details if either required by law or authorised in advance in writing by the employee. Other than where the law requires otherwise, an employer is entitled to make a charge for providing this confirmation.</p> <p>It should be remembered that employers routinely provide payslips and P60 certificates to the employee, who is free to show them to whomsoever he wishes.</p> <p>An employer should not normally make a statement confirming <i>future</i> earnings.</p>
<b>proof of removal</b>	Documentary evidence that goods have been removed from the UK to another EU member state. Having and keeping such proof is a condition of being able to zero-rate the supply. VAT notice 725 gives details.
<b>proof of title</b>	In insurance, evidence that a person making a claim under a life assurance policy is entitled to do so. Typically such evidence includes the identity of the claimant and the death certificate.
<b>proof spirit</b>	<p>Old measure for identifying the alcoholic strength of drinks. This system has now been replaced by <b>alcohol by volume (abv)</b>.</p> <p>The formal definition was contained in Customs and Excise Act 1952: "Spirits shall be deemed to be at proof if the volume of the <b>ethyl alcohol</b> contained therein made up to the volume of the spirits with distilled water has a weight equal to that of twelve-thirteenths of a volume of distilled water equal to the volume of the spirits, the volume of each liquid being computed as at fifty-one degrees Fahrenheit."</p> <p>Under this system, 100 degrees proof represented 57.27% alcohol by volume, or 49.5% alcohol by weight. Proof spirit had a specific gravity of 0.91984.</p> <p>Pure alcohol is 175.25 degrees proof, or 75.25 "degrees above proof".</p> <p>The USA used the same system but with a different scale. 100 degrees proof in the UK is equivalent to 114.2 degrees in the USA. The USA now also uses alcohol by volume.</p> <p>The term originated in the 18<sup>th</sup> century when sailors were provided with</p>

free rum. To ensure this had not been watered down, it was “proved” by soaking gunpowder in rum to see if it still ignited.

**propaganda expenses**

Expenses incurred to publicise an opinion or to further a campaign.

The extent to which such expenses are tax-deductible depends on how far the issue being propagated relates to the business. In the case *Morgan v Tate and Lyle Ltd [1954] 35TC367*, expenses to prevent a trader losing his business were allowed. The matter is discussed in the Inspectors' Manual at BIM42528.

**pro patria**

Latin: for one's country.

**proper amounts of tax**

Term used in Guidance Notes to mean the amount of **bank payroll tax** that a bank is expected to pay before engaging in any tax avoidance.

**proper fraction**

In arithmetic a fraction that has a numerator of a lower value than its denominator.

**proper liferent**

A Scottish interest in property.

**property**

Anything which is capable of being owned, particularly land and buildings. It also includes intangible property such as copyright and trade marks.

In tax, the term is sometimes given a specific meaning. For example, in the Inspectors' Manual at BIM14070, the term “extends to anything capable of being owned” for business tax purposes.

**Property Acts 1925**

Series of laws passed in 1925 that made major changes to the land law. These were supplemented by further laws in 1926.

The six Acts of 1925 are:

- Administration of Estates Act
- Law of Property Act
- Land Registration Act
- Land Charges Act
- Settled Land Act
- Trustee Act

**property agent**

“Means a letting agent or property manager” (Housing and Planning Act 2016 s56).

**property alert**

Service provided by Land Registry whereby a person is automatically alerted if anyone attempts to change details on the register. It is a means of protecting against fraud.

**property and affairs LPA**

A form of **lasting power of attorney (LPA)** that may be made from 1 October 2007 under Mental Capacity Act 2005. It is also possible to make a **personal welfare LPA**.

An individual who is 18 and has mental capacity may make a property and affairs LPA appointing someone (the attorney) to make decisions on his or her behalf should the individual lose mental capacity. This LPA allows the attorney to take such actions as paying bills, collecting debts, claiming

benefits, and selling property.

**property arrangements** In relation to reverse premiums, "means the property transaction and any arrangements entered into in connection with it (whether before it, at the same time as it or after it)" (Income Tax (Trading and Other Income) Act 2005 s103(b)).

**property authorised investment fund (PAIF)**

Form of tax-advantaged property investment company introduced from 6 April 2008.

The main points about a PAIF are:

- it must be an open-ended investment company incorporated in the UK
- it is authorised and regulated by the Financial Services Authority
- there is no need for the PAIF to be listed on a stock exchange
- a PAIF may be used by both individual and institutional investors in the UK and overseas
- all capital gains are tax exempt
- all income distributions are tax exempt, except for a withholding tax for some foreign shareholders
- special tax charges are imposed on a PAIF that carries excessive debt or makes distributions from exempt income to any company that holds more than 10% of its shares
- PAIFs generally benefit from double taxation treaties.

**property based total return swaps**

The tax provisions are set out in Corporation Tax Act 2009 s650.

**property bond**

Investment in a fund which invests in properties.

**property business**

Corporation tax provisions are given in Corporation Tax Act 2009 from s203. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s263.

The term "means a **UK property business** or an **overseas property business**" (Corporation Tax Act 2009 s204(1)).

**property business loss relief scheme**

Ineffective tax avoidance scheme.

It sought to exploit reliefs for agricultural property to create losses to offset against taxable income. To the extent that the schemes may have been effective, they were outlawed by Finance Act 2012 s10 for transactions from 13 March 2012. Further details are given in HMRC Spotlight 13.

**property company**

Company which buys buildings, particularly to lease them.

**property developer**

Person who develops land for sale.

For annual tax on enveloped dwellings, there are some special provisions in Finance Act 2013 from s128.

- property development** Activity which excludes a company from the scope of **EIS relief**. It is defined for this purpose in Income Tax Act 2007 s196.  
For venture capital trust purposes, this is defined as “the development of land:  
(a) by a company which has, or at any time has had, an interest in the land, and  
(b) with the sole or main object of realising a gain from the disposal of an interest in the land when it is developed” (Income Tax Act 2007 s307(2)).  
Section 307(3) defines **interest in land**.
- property disposed of** In insolvency, any sale or gift in the previous five years which appears unreasonable or may have been intended to frustrate the insolvency. Such sale or gift may be reversed.
- property duty act** Name briefly given to **income tax** when reintroduced in 1803.
- property-embedded fixtures and fittings (PEFF)**  
Fixed asset which attracts a capital allowance as **features integral to a building** that has been acquired.  
The buyer and seller of the property should agree a figure for PEFF. This constitutes a disposal for the seller and an acquisition for the buyer who may add the value to the capital allowance pool for plant and machinery.
- property guide** A magazine-type publication produced by an estate agent comprising almost solely details of available properties was held not to be “newspaper, journal or periodical” and so did not qualify for VAT zero-rating. It contained nothing of news and was not sold to the public (*Snushall Dalby & Robinson v Customs and Excise*. QB [1982] STC 537).
- property income** Income from land and buildings, mainly in the form of rent. Before 2005, it was generally called Schedule A.  
Corporation tax provisions are given in Corporation Tax Act 2009 from s202. Income tax provisions are given in Income Tax (Trading and Other Income) Act 2005 from s260.
- property investment LLP** A Limited Liability Partnership whose business consists wholly or mainly in the making of investments in land and the principal part of whose income is derived from that business.
- property ladder** Process of acquiring a property that increases in value with a view to later resale to fund a better property, which process is then repeated.
- property management company**  
**Taxation on trading**  
Company that looks after the common parts of a building in multiple occupation. It is often taxed as a mutual trading organisation as is discussed in the Inspectors' Manual at BIM 24782.  
**VAT flat rate scheme**

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

From	Percentage
<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>	11%

**property manager** In relation to **rogue landlords**, “means a person who engages in English property management work” (Housing and Planning Act 2016 s55(1)).

**property managing subsidiaries requirement**

Requirement under tax law that a subsidiary only comes within the scope of tax relief for a property company if the subsidiary is 90% owned and meets other conditions (Income Tax Act 2007 s141 and 299).

**property obtained through unlawful conduct**

Term defined in Proceeds of Crime Act 2002 s242. Such property may usually be confiscated.

**property, plant and equipment (PPE)**

Term for tangible fixed assets now widely used in financial accounting, such as in FRS 102 section 17.

“Tangible assets that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used for more than one period”

(FRS 102 glossary).

**property tax**

Various taxes charged between the 12<sup>th</sup> and 14<sup>th</sup> centuries. The first was charged between c1166 and 1170 on all animals, grain, household goods and trading stock at 2d in the pound for the first year, and 1d for each of the next three years. It was reimposed in the 12<sup>th</sup> century, coming under the Exchequer from 1290. It was imposed at rates of between one thirtieth and one ninth.

The term now means any tax based on a property's value or transaction value.

**property trading business**

For annual tax on enveloped dwellings, means “a business that —

(a) consists of or includes activities in the nature of a trade of buying and selling dwellings, and

(b) is carried on on a commercial basis and with a view to profit”

(Finance Act s141(3)).

**propone**

In Scots law, to put forward as an argument before the court.

**proportionate**

In the same ratio or of similar size or importance to something else.

<b>proportionate charge</b>	“An inheritance tax charge on a <b>relevant property trust...</b> which arises when property in the trust ceases to be relevant property or where the trustees make a disposition which reduces the value of the relevant property. The main examples of property ceasing to be relevant property are when the settlement comes to an end or when some of the property is distributed to beneficiaries” (HMRC inheritance tax glossary).
<b>proposal form</b>	In insurance, form completed by a person applying for a life policy.
<b>proposed dividend</b>	<p>Dividend that the directors recommend to shareholders they accept as their share of the profits.</p> <p>Under UK accounting standards, such unpaid dividends are shown as a current liability.</p> <p>Under international accounting standards, they are not shown on the balance sheet on the grounds that there is no liability until the shareholders accept the directors' recommendation (which they almost always do in practice). Instead the proposed dividend is disclosed in a note to the accounts.</p>
<b>proposed guardian</b>	Person under consideration to be made guardian of a missing person (Guardianship (Missing Persons) Act 2017 s4(2)).
<b>proposed higher rate threshold</b>	<p>In relation to the tax lock for national insurance, means “the sum of —</p> <p>(a) the basic rate limit for income tax for the tax year as proposed in the <b>pre-budget proposals</b> for that year, and</p> <p>(b) the personal allowance for income tax for the tax year so proposed” (National Insurance Contributions (Rate Ceilings) Act 2015 s3(3)).</p>
<b>proposed rate</b>	Rate at which an employer intends to provide a tax-free benefit or payment to an employee (Income Tax (Earnings and Pensions) Act 2003 s289B(1)).
<b>propping-up charge</b>	Term used in criminal prosecutions when a second offence is found which does not justify a prosecution in itself but is brought to add credence to the original charge.
<b>proprietary</b>	Product made by the company which sells it.
<b>proprietary company</b>	American term for a company which invests in shares of other companies, similar to a British <b>investment trust</b> .
<b>proprietary drug</b>	Drug which is made by a particular company and marketed under a trade name.
<b>proprietary trading</b>	When a broker also trades for its own benefit rather than for clients. This can lead to a conflict of interest with clients.
<b>proprietor</b>	In relation to excise goods this term includes the owner, importer, exporter, shipper, or other person owning or being beneficially interested in the goods.

<b>proprietor in possession</b>	Possessor of land described thus: "land is in the possession of the proprietor of an estate if it is physically in his possession, or in that of a person who is entitled to be registered as the proprietor of the registered estate" (Land Registration Act 2002 s131).
<b>proprietor's interest (PI)</b>	Capital invested in a business, particularly by a sole trader. This expression is sometimes used to distinguish this meaning of capital from other uses of that word.
<b>propriety</b>	Ownership, particularly of a business or of a business right.
<b>pro rata</b>	In the same ratio.
<b>pro rata premium</b>	A rate charged for a period of insurance cover shorter than the normal period. For example, if an insured had cover for one quarter of a year, the Pro Rata premium might be only one quarter of the annual premium.
<b>prorate</b>	American term, increasingly used in the UK, meaning to distribute in proportion. It is a made-up verb for <b>pro rata</b> .
<b>pro re nata</b>	Latin: for a special purpose, such as for an emergency.
<b>prorogue</b>	Discontinue the meetings (particularly of Parliament) for a while.
<b>proscribe</b>	Put on a banned list. Originally the word meant to put the name of an outlaw on a death list.
<b>proscription order</b>	Order which may be made under Communications Act 2003 s329 banning foreign material from being broadcast in the UK.
<b>prosecute</b>	Bring proceedings in criminal law.
<b>prosecution</b>	Legal proceedings, particularly under the criminal law. The term is also used for the party who brings the proceedings.
<b>prosecutor</b>	Person who institutes criminal proceedings on behalf of the Crown. "A trained lawyer who tries to prove the defendant guilty of committing a crime in a court of law" (website of Crown Prosecution Service). For tax offences, such proceedings may be brought by a prosecutor of the Revenue and Customs Prosecutions Office under Commissioners for Revenue and Customs Act 2005 s37.
<b>ProShare</b>	"ProShare has been the voice of employee share ownership since 1992 when we were established by HM Government, a group of FTSE 100 companies and the London Stock Exchange to promote wider share ownership. Today, we focus solely on helping to promote employee share ownership in the UK and are the voice of employee share plan practitioners and professionals." (organisation's website). In 2005, ProShare was taken over by Institute of Financial Services.



<b>prospect</b>	Chance that something will happen, particularly in respect of something advantageous. In investing, the term means a potential customer.
<b>prospective</b>	Possibly happening in the future, particularly something which is expected to happen.
<b>prospective benefit</b>	In accounting for pension funds, is a valuation based on the benefits of current and deferred members (allowing for any future increase in pension payments), and the benefit of current members based on past and future service, allowing for increases in entitlement and pension payments (SSAP 24).
<b>prospective dividend</b>	Dividend which the company intends to pay.
<b>prospective investor</b>	An investor who is considering whether to invest in a company.
<b>prospective landlord</b>	Someone "seeking to find another person to whom to let housing" (Housing and Planning Act 2016 s54(3)(a)).
<b>prospective tenant</b>	Someone "seeking to find housing to rent" (Housing and Planning Act 2016 s 54(3)(b)).
<b>prospectively</b>	In relation to a change in accounting, "applying the new accounting policy to transactions, other than transactions and conditions occurring after the date at which the policy is changed" (FRS 102 glossary).
<b>prospective P/E ratio</b>	The <b>P/E ratio</b> expected on the basis of <b>prospective dividends</b> .
<b>prospects</b>	Future possibilities, particularly with regard to employment.
<b>prospectus</b>	Financial statements and supporting detailed descriptions published when a company is offering shares for sale to the public. A prospectus must comply with requirements set out by the Financial Conduct Authority.
<b>prosperity</b>	State of being wealthy.
<b>prosperity gospel</b>	Belief by some Christian groups that God wishes his believers to have material wealth. Such views emerged in the 1950s in the USA and may still be encountered. The belief is generally rejected by most mainstream Christian groups.
<b>prosperity inflation</b>	Excess by which inflation is exceeded by wage inflation, traditionally about two percentage points, though this has largely disappeared since 2008. Prosperity inflation at 2% means that each generation is twice as affluent as the previous generation.
<b>prostitution</b>	When a woman offers her body for sexual activities in return for payment. In itself, prostitution is not a crime, though various activities related to it are crimes. These include keeping a brothel, kerb crawling, living on immoral

earnings and procurement. (Street Offences Act 1959 and other laws.)

The courts have held that prostitution is a trade subject to income tax (*CIR v Aken. CA [1990] 63 TC 395*).

**pro tanto**

Latin: for so much, to that extent.

**protected animal**

Animal which is neither commonly domesticated nor under the control of man (Animal Welfare Act 2006 s2).

**protected benefits**

Benefits in kind that are excluded from the **salary sacrifice** rules introduced from 6 April 2017.

The new rules generally tax benefits received from salary sacrifice at the higher of the benefit's value or amount of salary sacrificed. Protected benefits are excluded from this provision. If taxed, the amount is of the benefit.

Protected benefits are:

- pension contributions and advice
- childcare
- outplacement counselling and retraining
- bicycles and bicycle equipment
- cars with emissions below 76gm/km
- annual leave.

**protected building**

Building which is considered of particular merit. This includes monuments.

Such buildings are listed by the relevant government department. They are classified as Grade I, Grade II or Grade II. Generally, the older the building is, the more likely it is to be listed. Almost any building built before 1700 will be listed, whereas there must be very special reasons to list a building built since 1945.

Adaptations to protected buildings are zero-rated for VAT under Group 6.

**protected child**

Child whom someone wishes to adopt and over whom a local council must exercise supervision (Adoption Act 1976).

**protected deposit**

Funds held by a bank that are likely to remain available to a bank at times of stress. Such deposits are excluded from the scope of the **bank levy**. Some of these deposits are called **sticky deposits**.

**protected disclosure**

Lawful disclosure by an employee of unlawful conduct in the employer's business (Employment Rights Act 1996 s43B). A disclosure is lawful if made to the employer, to obtain legal advice and in some other circumstances. The protection from employment detriment is wider than for **whistle-blowing**.

In relation to proceeds of crime, provisions are given in Proceeds of Crime Act 2002 s337.

**protected earnings**

Income up to which an **attachment of earnings** or **arrestment of earnings** cannot be operated for an employee in that **pay period**.

**protected goods**

Goods that are the subject matter of a hire purchase or conditional sale agreement regulated by Consumer Credit Act 1974.

The protection is broadly that the goods cannot be repossessed once one third of the price has been paid, without permission of the court.

**protected information**

Any information where the duty of disclosure is restricted.

In company law, it specifically means the provisions whereby a director may be excused disclosing his residential address on returns filed at Companies House. These provisions are contained in Companies Act 2006 ss240-246.

**protected investment product (PIP)**

Investment product that guarantees a minimum return, regardless of how poorly the underlying securities may perform.

**protected leasing**

Leasing of plant and machinery to a person overseas on terms which avoid tax provisions that would otherwise apply. Those provisions restrict the right to claim capital allowances.

The legal definition is that protected leasing “means —

(a) **short-term leasing** of the plant and machinery (as defined in section 121), or

(b) if the plant or machinery is a ship, aircraft or transport container, the use of the ship, aircraft or transport container for a qualifying purpose under section 123 or 124 (letting on charter to UK residents etc)” (Capital Allowances Act 2001 s105(5)).

**protected occupancy**

Right of an agricultural worker to occupy a **tied cottage** with statutory protection similar to a **protected tenancy**.

**protected pension input amount**

A payment made to a pension fund before 22 April 2009 (or before 9 December 2009 if the £130,000 income rules apply). Such payments must be made at least once a quarter. This usually means regular payments can relate to where at least four irregular payments are made each year.

Such payments are excluded from the **special annual allowance charge** that otherwise reduces income tax relief to 20%.

If the PPIA is a percentage of earnings, the protection extends to increases that relate to increases in those earnings.

**protected period**

In employment law, the period from the beginning of pregnancy to the end of maternity leave, “during which a woman is entitled to special consideration if this is necessary to make good any disadvantage she may otherwise experience” (Equalities and Human Rights Commission).

**protected person**

Head of state, foreign minister, member of their immediate family and others who are entitled to specific protection under Internationally Protected Persons Act 1978, which implements international conventions.

**protected rights**

For pensions, “the member’s total rights to money purchase benefits under the scheme, unless the scheme makes separate provision. If the scheme rules apply to separately provide, then the following have to be included in the scheme rules as protected rights:

- **minimum contributions**
  - **minimum payments**
  - **age-related payments** including any made as a result of a transfer from a COMP/COMPSPH scheme or the active COMP part of a COMB scheme
  - **incentive payments** including any made as a result of a transfer from a COMP scheme
  - protected rights transferred in from another COMP/COMPSPH scheme or the active part of a COMB scheme or from an APP/APPSHP scheme
  - GMP or **post '97 COSR rights** transferred in from a COSR scheme or the active COSR part of a COMB scheme"
- (CA 84 Stakeholders Pension Scheme Manual, published by HMRC).

These are defined in regulation 3 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996, but should be read as including safeguarded rights, wherever appropriate.

<b>protected settlement</b>	In relation to inheritance tax on same-day additions, is one which started before 10 December 2014 and meets the other conditions set out in Inheritance Tax Act 1984 s62C.
<b>protected site</b>	In planning law, area for which permission has been granted for mobile homes.
<b>protected state</b>	State which enjoys sovereignty but is under the protection of another state.
<b>protected taxpayer information</b>	Term used in Revenue Scotland and Tax Powers Act 2014 s14 for confidential information provided by a taxpayer.
<b>protected tenancy</b>	Residential tenancy under which the tenant has the right to a fair rent and security of tenure (Housing Act 1988).
<b>protected trust deed</b>	In Scottish insolvency, a <b>trust deed</b> which is registered and therefore binding on all creditors.
<b>protection and indemnity association</b>	Association of shipowners formed to meet each other's losses not otherwise covered by insurance.
<b>protection business</b>	In the context of controlled foreign companies, "means contracts of long-term insurance where — (a) either — (i) the contract has no surrender value; or (ii) the consideration consists of a single premium and the surrender value does not exceed the amount of that premium; and (b) the contract makes no provision for its conversion or extension in a manner which would result in its ceasing to fall within paragraph (a) above; and references to protection business include a reference to reinsurance of protection business". (Income and Corporation Taxes Act 1988 Sch 25 para 11A(3)).

<b>protectionism</b>	<p>Political policy of protecting home markets by imposing import restrictions and import duties.</p> <p>These are outlawed between EU member states, and are discouraged in various world trade agreements.</p>
<b>protection money</b>	<p>Payment to gangsters or similar to prevent them damaging property.</p> <p>Such payment is not tax deductible as it is a <b>criminal payment</b>.</p>
<b>Protection of Vulnerable Groups Scheme in Scotland (PVGS)</b>	<p>A scheme introduced in Scotland to control employment where this involves access to vulnerable individuals. The law is Protection of Vulnerable Groups (Scotland) Act 1997.</p> <p>Where an employer pays the registration fees for an individual to belong to the scheme, those fees are not a taxable benefit in kind (Finance Act 2011 s39).</p>
<b>protection plan insurance</b>	<p>Insurance sold to pay off the balance owed on a credit card.</p> <p>Such insurance has been widely criticised for its high premiums and for not providing the protection customer believe they have.</p>
<b>protective award</b>	<p>In employment law, award made by an employment tribunal for breach of rules relating to redundancy.</p>
<b>protective claim</b>	<p>Claim made in a tax appeal to ensure that a deadline is not missed. It may be made by the taxpayer or HMRC.</p> <p>Such a claim is often made if the issue in contention is being litigated by another taxpayer.</p>
<b>protective tariff</b>	<p>Import duty imposed as an act of <b>protectionism</b>.</p>
<b>protective trust</b>	<p>An <b>interest in possession trust</b> which comes to the end if the <b>life tenant</b> becomes bankrupt or alienates (such as by selling) his interest under the settlement. When so ended, the trust becomes a <b>discretionary trust</b>.</p> <p>The law is contained in Inheritance Tax Act 1984 s88.</p> <p>The term may also be used more generally for a trust set up for a beneficiary with a poor record of managing his or her finances.</p>
<b>protest</b>	<p>Explicit statement that an act is done against the will of the doer.</p> <p>It also refers to a formal procedure that may be followed when a <b>bill of exchange</b> has been dishonoured (Bills of Exchange Act 1882 s51).</p>
<b>protocol</b>	<p>Agreement, particularly an international agreement of a less formal nature than a <b>treaty</b>. It is often used to amend a treaty.</p>
<b>proustite</b>	<p>Red silver ore that also contains arsenic.</p>
<b>provable debt</b>	<p>In insolvency, the amount that a creditor can show is owed to him or her by the debtor.</p>

**prove**

**General**

Demonstrate the correctness of. Such proof is based either on **certainty** or **certitude**, more commonly the latter.

The word also retains its older use of meaning to test as in “the exception proves the rule”.

**Law**

In law, demonstrate the truth of.

A criminal charge must be proved beyond reasonable doubt.

A civil charge must be proved on the balance of probabilities.

In both cases, the onus of proof rests with the person bringing the charge.

**Insolvency**

In insolvency, state the amount owed.

**Executorship**

In executorship, demonstrate the validity of a will for probate.

**provenance**

Check on the weight and quality of something, particularly of gold bullion.

**provender**

Dry food, particularly for horses.

**provided house**

Accommodation that distillers traditionally provided for excise officers.

**providence**

Foresight; prudential management. The term can be used in a secular sense to mean good planning by men, or in a theological sense to mean the benevolent care of God.

**provident**

Providing benefits in the event of misfortune, such as personal illness.

**Provident Financial**

Company that specialises in doorstep lending.

**provider of capital**

Person or company which provides the capital in any form for a business.

**providing funds**

Any arrangement whereby one person is financially assisted by another. Providing funds is a factor that can determine whether two people are **connected persons**.

**province**

Portion of a state that has a degree of self-government. In the UK, Northern Ireland is a province.

**proving a will**

Claiming probate (where the deceased left a will) or letters of administration (whether the deceased did not leave a will).

**provision**

Setting aside funds in the accounts to meet a liability.

“A liability of uncertain timing or amount” (FRS 102 glossary).

<b>provisional damages</b>	Damages given for the time being, particularly in cases of personal injury that may ultimately prove to be more serious than presently realised.
<b>provision for credit liabilities</b>	Money set aside to repay outstanding loans or avoid new borrowing.
<b>provision for doubtful debts</b>	An estimate of the risk of not collecting full payment from credit customers, reported as a deduction from <b>trade receivables (debtors)</b> in the <b>balance sheet</b> .
<b>provisional</b>	In accounting, a draft or first document which is subject to revision.
<b>provisional collection of taxes</b>	Arrangements now made under Provisional Collection of Taxes Act 1968 which allows tax to be collected on a provisional basis while an Act is being prepared to allow the tax to be collected on a permanent basis. Such tax is known as <b>temporary tax</b> .
<b>provisional licence</b>	Licence which is issued before a <b>full licence</b> is issued. The term most commonly applies to <b>driving licences</b> .
<b>provisional order</b>	"An order or scheme made under, and requiring confirmation by, Act of Parliament" (Parliamentary Costs Act 2006 s18).
<b>provisional order Bill</b>	"A Bill to confirm a <b>provisional order</b> " (Parliamentary Costs Act 2006 s18).
<b>provisional statement</b>	In licensing, a statement which may be made to the local authority in respect of premises under construction (Licensing Act 2003 s29).
<b>provision for cash discounts</b>	Account that once appeared in financial records of businesses to represent the amount by which the business expected to reduce the figure for debtors shown on the balance sheet. In modern accounting, a single figure is used.
<b>provisions</b>	Those things which it is necessary to provide. The term can be used to mean money set aside in the accounts for liabilities, or basic products such as food and cleaning materials for daily living.
<b>proviso</b>	Clause that contains a key condition.
<b>proximity premium</b>	Additional amount a residential property will sell for because it is near to a facility, such as shops or school.
<b>proxy</b>	Document which delegates authority to another person, particularly to vote, or the person so appointed.
<b>proxy form</b>	Form which a shareholder routinely receives, which can be completed to allow someone to vote on the shareholder's behalf.
<b>proxy statement</b>	In USA, a document filed with the SEC giving details about directors' remuneration, benefits, options and similar.
<b>proxy vote</b>	Vote by a person appointed by a <b>proxy</b> .

<b>PRP</b>	<b>Profit-related pay.</b>
<b>PRR</b>	(1) <b>Private residence relief</b> , from capital gains tax. (2) Position risk requirement, a duty imposed by the Financial Services Authority on certain institutions.
<b>PRS</b>	(1) <b>Premium rate services</b> , from telephone lines. (2) Performing Rights Society.
<b>PRSA</b>	<b>Personal retirement savings account.</b>
<b>PRT</b>	<b>Petroleum revenue tax.</b>
<b>PRTA</b>	Petroleum Revenue Tax Act 1980.
<b>PRT difference</b>	Term defined in Corporation Tax Act 2010 s330B(3).
<b>PRU</b>	(1) Police Resources Unit. (2) Integrated Prudential Sourcebook, an insurance manual produced by the Financial Services Authority.

**prudence** One of the **qualitative characteristics** of financial statements.  
“The inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated” (FRS 102 glossary).

The uncertainties that inevitably surround many events and circumstances are acknowledged by the 192 disclosure of their nature and extent and by the exercise of prudence in the preparation of the financial statements. Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets and income are not overstated and liabilities or expenses are not understated. However, the exercise of prudence does not allow the deliberate understatement of assets or income, or the deliberate overstatement of liabilities or expenses. In short, prudence does not permit bias.  
— *Financial Reporting Standard FRS 102 section 2.9*

Accounting term referred to in **prudence concept** which requires the preparer of a financial statement to err on the side of caution.

**prudence concept** The accounting concept that accounts should err on the side of understating the financial position rather than overstating it.

The current provision under accounting standards is given under **prudence**.

For previous standards, statement of Standard Accounting Practice SSAP 2, issued in November 1971, made this a fundamental accounting concept. This approach was revised by Financial Reporting Standard FRS 18, which applies for accounting periods ending after 21 June 2001.

FRS 18 required a more realistic approach. Para 35(e) still requires



accounts to be “prudently prepared (ie a degree of caution has been applied in exercising judgment and making the necessary estimates)”.

Para 37 acknowledges that accounts must reflect any uncertainty in figures, but addresses this by requiring “more confirmatory evidence about the existence of an asset or gain than about the existence of a liability or loss, and a greater reliability of measurement for assets and gains than for liabilities and losses”.

### **Prudential Regulation Authority (PRA)**

Body formed on 1 April 2013 as one of the successors to the **Financial Services Authority**. The other main successor is the **Financial Conduct Agency**. Both successor bodies were created by Financial Services Act 2012.

PRA is part of the **Bank of England**. Its two statutory objectives are:

- to promote the safety and soundness of firms, and
- to ensure appropriate protection for holders of insurance policies.

### **prudential supervision**

Supervision of banks and other financial institutions to ensure that depositors are adequately protected.

### **prudent man rule**

Investment standard, particularly in some US states. It restricts trustees and similar fiduciary investors to investing in security if it is one that a prudent man of discretion and intelligence would invest in when seeking a reasonable income and preservation of capital.

### **prud'homme**

In France, a member of a board set up to resolve labour disputes.

### **PSA**

#### **(1) PAYE settlement agreement**

The term “means a PAYE settlement agreement made in accordance with regulation 105” (PAYE Regulations SI 2003 No 2682 reg 2(1)).

(2) Pension Schemes Act 1993

(3) Public service agreement.

(4) **Personal savings allowance.**

(5) Pension scheme administrator.

(6) Prefix for HMRC's tax manual on PAYE settlement agreements.

### **PSB**

Term for number of grave spaces sold, as used in Income Tax (Trading and Other Income) Act 2005 s171(3).

### **PSBR**

**Public Sector Borrowing Requirement.**

### **PSC**

**(1) Personal service company.**

**(2) Person (or people) with significant control.**

### **PSC register**

Register that a company must keep of **persons with significant control**. The law is Companies Act 2006 from s790M.

### **PSE**

Public sector entity.

### **psephology**

Statistical analysis of election results.

<b>psi</b>	Twenty-third letter of Greek alphabet denoted by the symbols $\Psi$ and $\psi$ . It also denotes 700 in classical Greek.
<b>PSLA</b>	Standard lifetime allowance for pension contributions as defined for the formula in Finance Act 2004 s219(5).
<b>PSNB</b>	Public Sector Net Borrowing.
<b>PSNI</b>	Pharmaceutical Society of Northern Ireland.
<b>PSO</b>	<b>Pension Schemes Office.</b>
<b>PSP</b>	Performance share plan.
<b>PSR</b>	(1) In relation to taxation of <b>cemeteries</b> and <b>crematoria</b> , the number of plots sold during the relevant period (Corporation Tax Act 2009 s148 and Income Tax (Trading and Other Income) Act 2005 s171(1)). (2) <b>Price to sales ratio.</b>
<b>PST</b>	Pacific Standard Time, in USA
<b>PSV</b>	Passenger service vehicle.
<b>psychiatrist</b>	Before 6 April 2006 (when the normal pension retirement age was 60), such a person was allowed to retire on a full pension at the age of 55.
<b>Pt</b>	(1) Part, of an Act of Parliament. (2) Atomic symbol for platinum. (3) Point, particularly as a type size.
<b>PT</b>	(1) <b>Primary threshold</b> , for national insurance (2) <b>Country prefix code</b> for Portugal. (3) Prescribed territories.
<b>PTA</b>	(1) Prevention of Terrorism (Temporary Provisions) Act 1989. (2) Personal tax account. [This is also a common abbreviation for Parent Teacher Association.]
<b>PTM</b>	(1) <b>Panel on Takeovers and Mergers</b> (2) Prefix for HMRC's pensions tax manual.
<b>PTM levy</b>	Levy raised by <b>Panel on Takeovers and Mergers</b> . "The PTM Levy is payable on trades in securities of companies which are incorporated in the United Kingdom, the Channel Islands or the Isle of Man and whose shares are admitted to trading on a UK regulated market or multilateral trading facility. "The current levy rate is: <ul style="list-style-type: none"><li>• 100p per contract where the total consideration of the relevant trade is greater than £10,000 (or the equivalent in any other currency).</li></ul> The PTM Levy is payable on trades in:

- equity share capital, whether voting or non-voting – for these purposes, equity share capital is share capital that has an unlimited right to participate in the profits of the company;
  - securities convertible into equity share capital;
  - transferable securities that give the holder the right to subscribe for equity share capital, including warrants, provisional allotment letters and nil paid rights;
- and
- American Depository Receipts and Global Depository Receipts in respect of any of the securities described above.

“The PTM Levy is not payable on trades in:

- covered warrants;
- debentures and other debt securities;
- preference shares;
- Permanent Interest Bearing Securities;
- contracts for differences and total return swaps;
- spread bets; or
- option contracts;

unless they are securities which are convertible into, or which will give the holder the right to subscribe for, equity share capital. However, the exercise of an option contract would be a trade on which the PTM Levy is payable.

“The PTM Levy is not payable on trades in securities of open-ended investment companies (as defined in Article 1(2) of the Directive on Takeover Bids (2004/25/EC)), including exchange traded funds.

“The PTM Levy is payable on both purchases and sales. It is payable by the purchaser or seller of the securities and is collected by the intermediary that undertakes the trade where the intermediary is a member of a regulated market or a multilateral trading facility that requires its members to collect the PTM Levy. The PTM Levy is not payable on trades between members of regulated markets or multilateral trading facilities when they trade as principals between themselves.

“Where more than one security is included in the same trade, the PTM Levy is charged as if there has been a separate trade in each security.

Where orders from different clients are combined into one trade, the PTM Levy is charged as if there has been a separate trade for each client.

“The PTM Levy is not payable on placings of new securities or on securities borrowing or lending transactions. The PTM Levy is payable on “when issued” trading.” (PTM website)

<b>PTO</b>	Pupillage Training Organisation, for barristers.
<b>PTRAS</b>	<b>Pension tax relief at source.</b>
<b>PTSP</b>	<b>Plumbers Safe Tax Plan.</b>
<b>PTVC</b>	Post transaction valuation check, a function that may be performed by HMRC in relation to shares and options.
<b>Pty</b>	<b>Proprietary company</b> , American term.
<b>pub</b>	Abbreviation of <b>public house</b> .

<b>public</b>	Description of all people generally, or of the government or state. The term is also used in specific meanings, such as in public company or public sector.
<b>public access barrister</b>	<b>Barrister</b> who may be instructed directly by a member of the public without first instructing a solicitor. This has only been possible since 2004. The work undertaken is that always done by barristers. Someone considering this should contact the public access clerk of the relevant chambers.
<b>public access clerk</b>	Clerk in barristers' chambers who deals with instructions to <b>public access barristers</b> .
<b>public access rule premises</b>	In relation to the remittance basis, this term is defined for exempt property in Income Tax Act 2007 s809Z(6).
<b>public accountant (PA)</b>	US term for an accountant with a lower qualification than a <b>certified public accountant</b> . Many states have now closed this qualification to new entrants.
<b>Public Accounts Committee</b>	Committee of the House of Commons which investigates spending by each government department.
<b>publican</b>	Person who runs a <b>public house</b> .
<b>public assembly</b>	"An assembly of 2 or more persons in a <b>public place</b> which is wholly or partly open to the air" (Public Order Act 1986 s16).
<b>Public Assistance Board</b>	Body formed in each major area in 1929 to provide financial assistance for people without other resources. It replaced the harsh <b>Poor Laws</b> . The assistance was itself replaced by the <b>welfare state</b> in 1948.
<b>publication</b>	(1) A newspaper, magazine, or newsletter with information, news, and feature stories, usually produced to be sold or as a service to members of associations or organizations. (2) Process of making a report known, such as making the <b>annual report</b> and accounts known to members. For companies, the requirements are set out in Companies Act 2006 s436(2).
<b>public attestation</b>	Authoritative statement made known to the public, such as the opinion in an <b>audit report</b> . This term is particularly used in the USA.
<b>public authority</b>	(1) In relation to mutual assistance in recovering tax between EU member states, "means a person with functions of a public nature". (Finance Act 2011 Sch 25 para 16). (2) For the purposes of data protection, the term has the same meaning as under the Freedom of Information Act 2000 (Data Protection Act 2018 s7).
<b>public benefit entity</b>	"An entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or

members" (FRS 102 glossary).

The glossary has a detailed footnote.

**public benefit status**

Requirement introduced by Charities Act 2006.

To qualify as a **charity**, or to continue one's status as a charity, the body must show that its objectives benefit the public at large or a significantly large portion of the public.

Most existing charities are unaffected by this change, though some private schools and religious groups could lose their status.

**public benefit**

Test for a body to obtain charitable status (Charities Act 2006 s2). Further guidance on this test is given in s3.

This requirement is repeated in Charities Act 2011 s4.

**public benefit objective**

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

**public benefit requirement**

One of the conditions that must be met for a body to qualify as a charity (Charities Act 2011 s4).

**public body**

(1) Body such as a government department or local authority which administers funds.

The government has wide powers to abolish, merge and make other arrangements for such bodies under Public Bodies Act 2011.

In relation to apprenticeships, the term "means —

(a) a public authority, or

(b) a body or other person, that is not a public authority but has functions of a public nature and is funded wholly or partly from public funds" (Apprenticeships, Skills, Children and Learning Act 2009 sA9(7) as inserted by Enterprise Act 2016 s24).

(2) For the purposes of data protection, the term has the same definition as under the Freedom of Information Act 2000 (Data Protection Act 2018 s7).

**public bus service**

An employee is not subject to a taxable benefit in kind when his or her employer provides support for a public bus service to help the employee get to and from work (Income Tax (Earnings And Pensions) Act 2003 s243).

**public charging point**

"A **charge point** or a **hydrogen refuelling point** is a "public charging point" if it is provided for use by members of the general public" (Automated and Electric Vehicles Act 2018 s9(1)(c)).

**public charity**

In the USA, a charitable organisation so designated under Section 501(c)(3) of the Internal Revenue Code.

It must be a private operating foundation, or **private foundation**. A public charity as defined in Section 509 (identified by the Service as "not a private foundation") normally receives a substantial part of its income, directly or indirectly, from the general public or from government sources. The public support must be fairly broad, not limited to a few individuals or families.

<b>public collection</b>	Raising funds from a public place other than by going from house to house, such as carol singing in a town centre. A local authority licence is needed.
<b>public company</b>	<p>A <b>company</b> which either states on its <b>certificate of incorporation</b> that it is a public company, or which met the relevant requirements for a public company in force when it was registered (Companies Act 2006 s4(2)).</p> <p>The differences between public and private companies are set out in Part 20 of the Act.</p>
<b>public confidence objective</b>	One of the objects of the <b>Charity Commission</b> (Charities Act 2011 s14).
<b>public debt</b>	Money owed by a government.
<b>public deposit</b>	Government's funds held at the Bank of England.
<b>public dividend capital</b>	<p>In relation to a government investment written off, means "an amount paid by a Minister—</p> <ul style="list-style-type: none"><li>(a) under an enactment in which that amount is so described, or</li><li>(b) under an enactment corresponding to an enactment in which a payment made on similar terms to another body is so described"<p>(Corporation Tax Act 2010 s94(4)).</p></li></ul>
<b>public domain</b>	Description of software that is free to be used, distributed or modified. It has been given up to the public free of copyright restrictions.
<b>public expenditure</b>	Spending by central or local government.
<b>Public Expenditure Committee (PEX Committee)</b>	"A Committee of senior cabinet ministers appointed to advise the Government on decisions to be taken in the Spending Review. Also referred to as the Star Chamber" (HM Treasury glossary).
<b>public finance</b>	Study of government finance, including taxation, national spending, national debt and similar.
<b>public finances</b>	"The government's accounts, including tax receipts, expenditure, borrowing and debt" (HM Treasury glossary).
<b>public foundation</b>	A non-profit organisation the USA that receives at least one-third of its annual income from the general public (including government agencies and foundations). Public foundations may make grants or engage in charitable activities.
<b>public funds</b>	Money held by the government, a local authority or other public body.
<b>public good</b>	For obscenity law, the term is used when an article is "justified... on the grounds that it is in the interests of drama, opera, ballet or any other art, or of literature or leaning" (Obscene Publications Act 1959 s4(1A)).

<b>public goods</b>	Goods that would not be provided in a pure free-market system.
<b>Public Guardian</b>	Officer appointed by the Lord Chancellor under Mental Capacity Act 2005 s57. The duties include oversight of <b>lasting powers of attorney</b> .
<b>Public Guardian Board</b>	Body established under Mental Capacity Act 2005 s59 to assist the <b>Public Guardian</b> .
<b>Public Guardianship Office</b>	Government body which oversees arrangements for looking after the affairs of the mentally handicapped. It works closely with the <b>Court of Protection</b> .
<b>public hearing</b>	For tax tribunals, a hearing to which the public is admitted. All tax hearings are heard in public unless there is a good reason for a <b>private hearing</b> (The Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules SI 2009 No 273 rule 32).
<b>public holiday</b>	Day when employees need not work. The term is now the same as a <b>bank holiday</b> .
<b>public house (pub)</b>	<p>Premises which is licensed for the sale of alcoholic drink. It often serves food, non-alcoholic drink and sometimes serves meals and offers accommodation.</p> <p>In the case <i>McLaren v Mumford</i> [1966] 69TC173, a publican who owned a house acquired a pub with living accommodation which he occupied solely to enable him to be a publican. The court refused to allow him the whole cost of the accommodation expenses, as is discussed in the Inspectors' Manual at BIM37930.</p> <p>A pub is an example of a <b>trade related property</b>.</p>
<b>public interest company</b>	<p>"Means a company —</p> <p>(a) any of whose transferable securities are included in the official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000), or</p> <p>(b) any of whose equity share capital is officially listed in an EEA state" (Companies Act 2006 s519A(1)).</p>
<b>public interest stage</b>	<p>The second stage in the <b>full code test</b> of the CPS Code for Crown Prosecutors. The first stage is the <b>evidential stage</b>.</p> <p>"A prosecution will usually take place unless the prosecutor is satisfied that there are public interest factors tending against prosecution which outweigh those tending in favour" (website of the Crown Prosecution Service).</p> <p>The prosecutor is required to consider:</p> <ul style="list-style-type: none"><li>• how serious is the offence committed?</li><li>• what is the level of culpability of the suspect?</li><li>• what are the circumstances of and the harm caused to the victim?</li><li>• was the suspect under the age of 18 at the time of the offence?</li><li>• what is the impact on the community?</li><li>• is prosecution a proportionate response? (This in turn requires consideration of cost and effective case management.)</li><li>• do sources of information require protecting?</li></ul>

<b>publicity order</b>	Order that may be served on a care provider under Care Act 2014 s93(4).
<b>public juris</b>	Latin: of public right. This commonly means the right to air and sunlight.
<b>public inquiry</b>	Inquiry established by a government minister on a matter which causes public concern (Inquiries Act 2005 s1).
<b>public interest bodies</b>	“These are bodies of a political, religious, patriotic, philosophical, philanthropic or civic nature. These bodies have objects which are directed outside the particular organisation and beyond the members themselves to the general community” (VAT leaflet 701/5).
<b>public interest disclosure</b>	A limited exception to the rule against disclosure of a taxpayer's affairs by officers of HMRC. It allows HMRC to pass information to other bodies such as the police in defined circumstances. The rules are given in Commissioners for Revenue and Customs Act 2005 s20.
<b>public interest immunity (PII)</b>	<p>Common law principle that a court can prevent a litigant disclosing information if doing so is contrary to the public interest.</p> <p>PII is usually sought by the government which issues a certificate, colloquially known as a <b>gagging order</b>. The court usually allows PII unless there is reason to doubt its appropriateness. Such a case was the <b>Matrix Churchill</b> trial in 1991.</p>
<b>Public Interest Unit (PIU)</b>	<p>Part of the office of the <b>Official Receiver</b>.</p> <p>The unit reports irregularities discovered during insolvency investigations to the appropriate authority. Tax irregularities are reported to HMRC. An example of them doing this is in the case <i>Michael Rangos. TC 01893 [2012]</i>.</p>
<b>publicity</b>	Process of making something known or bringing it to the attention of people.
<b>publicity budget</b>	Money set aside for publicity.
<b>publicity stunt</b>	Event which is organised to attract publicity to promote a cause or a product.
<b>public lending right (PLR)</b>	<p>Scheme whereby authors, illustrators and other copyright holders receive royalties on books lent from libraries. It is now administered by the British Library.</p> <p>From 1 July 2018, PLR is extended to e-books.</p> <p>It was introduced in the UK in 1979 under Public Lending Right Act 1979.</p> <p>In the EU, PLR is a legal requirement of directive 92/100/EEC though many countries had failed to introduce it by 2002.</p>
<b>public liability insurance</b>	Insurance cover to protect someone against claims which may be made by members of the public.



<b>public limited company (plc)</b>	A company which has <b>limited liability</b> and offers its shares to the public.
<b>publicly traded</b>	In accounting for debt or equity instruments, the term means “traded, or in process of being issued for trading, in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets)” (FRS 102 glossary).
<b>public offer</b>	Offer to the public in general, particularly of the rights to buy shares. An employee who buys shares in his employer in a public offer, is not taxed on the benefit of <b>employment-related securities</b> (Income Tax (Earnings And Pensions) Act 2003 s421F).
<b>public offering</b>	Offering of new shares or other securities to the public.
<b>public ownership</b>	Description of assets which are said to be owned by the general public rather than by specific individuals or companies. The term is misleading as ownership by its nature is a package of personal rights. In practice, public ownership means private ownership by a government, council or other body which the public elects or which is appointed by such an elected body. A member of the public has no rights of ownership of such an asset.
<b>public place</b>	In relation to criminal offence of carrying offensive weapons, “public place includes any highway and any other premises or place which at the material time the public have or are permitted to have access, whether on payment or otherwise” (Prevention of Crime Act 1953 s1(4)). In relation to being drunk in custody of a child, the term includes “any place to which the public have access, whether on payment or otherwise” (Licensing Act 1902 s8).
<b>public-private partnership</b>	For insolvency, “means a project — (a) the resources for which are provided partly by one or more public bodies and partly by one or more private persons, or (b) which is designed wholly or mainly for the purpose of assisting a public body to discharge a function” (Insolvency Act 1986 s72C(2)).
<b>public protection sentence</b>	Sentence of imprisonment or detention imposed for specific violent and sexual offences. The law is Criminal Justice Act 2003 Part 12 and Armed Forces Act 2006 Part 8. Such an offence is never <b>rehabilitated</b> under Rehabilitation of Offenders Act 1974.
<b>public sector</b>	“The part of the nation’s economy that is owned by the government” (HM Treasury).
<b>public sector apprenticeship targets</b>	These are set under the provisions of the Apprenticeships, Skills, Children and Learning Act 2009 sA9 as inserted by Enterprise Act 2016 s24.

**Public Sector Borrowing Requirement (PSBR)**

Old term for the budget deficit in the UK. It has now been renamed **Public Sector Net Cash Requirement** to avoid confusion with net borrowing.

**public sector exit payment**

Payment made to an employee who leaves his or her job in the public sector. Rules about the maximum payment that may be made are given in regulations made under Small Business, Enterprise and Employment Act 2015 s154.

The limit is set at £95,000 under s155A of the Act as inserted by Enterprise Act 2016 s41. This provision has not yet been implemented.

**Public Sector Net Cash Requirement (PSNCR)**

This used to be called the Public Sector Borrowing Requirement (PSBR) and is the amount of money the government need to borrow to meet their spending plans. In other words it the amount that their spending exceeds their tax revenue by.

**public service agreement**

An agreement made between a local authority and central government containing a set of agreed stretched targets for improving services. If the council meets these targets it will receive additional funding from central government, together with greater freedoms and flexibilities from regulations.

**Public service pension scheme**

A pension scheme established by or under any enactment, approved by a relevant governmental or Parliamentary person or body, or specified as being a public service pension scheme by a Treasury order.

A statutory definition is given in Finance Act2004 s150(2).

**public service remit**

Requirements which licensed public broadcasters must comply with (Communications Act 2003 s265).

**public spending**

Spending by government, local authorities and similar bodies.

**public transport strike**

There is no taxable benefit in kind when an employer provides certain assistance to employees affected by such a strike (Income Tax (Earnings And Pensions) Act 2003 s245).

**public trust**

**Trust** which benefits the general public or a large part of it.

**Public Trustee**

Official who is appointed to administer a person's property.

**public understanding of financial matters**

Financial Services Authority has a duty to enhance such understanding under Financial Services and Markets Act 2000 s2 as added by Financial Services Act 2010 s2.

**publicly quoted company**

Another term for **listed company**.

**public service pension scheme**

An occupational pension scheme established under an enactment, Royal

prerogative or Royal Charter, and which requires a Minister of the Crown or government department to amend it (Pension Schemes Act 1993 s1(1)).

**public warehouse**

A customs warehouse available for use by any person for the warehousing of goods.

**Public Works Loans Board (PWLB)**

A government agency, which provides long-term loans to local authorities at favourable interest rates only slightly higher than those at which the Government itself can borrow.

**published accounts**

Accounts of a business as printed and made available for members.

**published index of prices**

In relation to overseas **variable rate securities**, means "the retail prices index or any similar general index of prices which is published by the government of any territory outside the United Kingdom or by an agent of such a government" (ITA s672(3)).

**publisher**

- (1) Person responsible for the profitability of a publication.
- (2) Publishing company.

**Publishing Details of Deliberate Defaulters (PDDD)**

Scheme whereby HMRC may publish the name and other details of a taxpayer where:

- after investigation by HMRC, the taxpayer has incurred certain tax penalties,
- a tax liability had been deliberately concealed,
- the tax involved is at least £25,000,
- there was no mitigation of the penalty,
- all appeals have been exhausted, and
- the offence occurred after 31 March 2010.

The taxpayer must be notified of an intention to publish and be able to make representations.

Publication must be made within 12 months of the last penalty becoming final. Publication is removed after 12 months.

The statutory authority is Finance Act 2009 s94.

The scheme is more popularly known as **naming and shaming**.

**pub-owning business**

This term is defined in Small Business, Enterprise and Employment Act 2015 s69.

**Pubs Code**

Code relating to ownership and management of pubs, which is required by Small Business, Enterprise and Employment Act 2015 s42.

**Pubs Code Adjudicator**

Office established under Small Business, Enterprise and Employment Act 2015 s41.

**Pubs Code dispute**

This term is defined in Small Business, Enterprise and Employment Act 2015 s50(2).

<b>Pubs Code levy</b>	Charge that may be made on a pub-owning business to fund the <b>Pubs Code Adjudicator</b> . The charge is made under Small Business, Enterprise and Employment Act 2015 s63(1).
<b>puck</b>	Circular gold ingot sometimes used for minting coins and medals.
<b>pucka</b>	Colloquialism for something that is thoroughly good, complete or solidly built. It can also be spelt as pukka.
<b>puddle phishing</b>	<b>Phishing</b> that is aimed at a small company or small group of users, rather than at a large pool.
<b>puerperal</b>	Relating to childbirth.
<b>puff</b>	In marketing, statement intended to promote a product rather than to describe it.
<b>puisne judges</b>	Justices of the common law courts of Westminster. They were abolished in 1925.
<b>pul</b>	One hundredth of an afghani, currency of Afghanistan.
<b>pull a fast one</b>	Colloquialism meaning to trick or deceive.
<b>pulp</b>	Fruit and vegetable pulp is usually zero-rated for VAT as food (VAT notice 701/14).
<b>pump-action</b>	In relation to criminal law describes a firearm "that is so designed or adapted that it is re-loaded by the manual operation of the fore-end or forestock of the weapon" (Firearms Act 1968 s57(2A)).
<b>pump and dump</b>	Business jargon for the practice of heavily inflating selling prices so that a profit is still made when large discounts are given.
<b>pump priming</b>	Small amount of initial funding for a business or project to encourage others to contribute funds.
<b>puncheon</b>	Old liquid measure of between 70 and 120 gallons.
<b>pundit</b>	Person who is learned in the laws and customs of India. By extension, anyone who considers himself or herself an authority.
<b>punk economics</b>	Colloquialism coined in the late 1970s for economic theory which has little basis in evidence.
<b>punt</b>	(1) Welsh: pound (money) (2) Irish pound, currency of the Republic before it adopted the euro (3) Bet or wager against a bank or bookmaker.

<b>punto banco</b>	This game is specifically listed in Betting and Gaming Duties Act 1981 s13(3) as coming within the scope of <b>gaming licence duty</b> .
<b>PUO</b>	Pyrexia of unknown origin. Common abbreviation for sick notes (HMRC leaflet E14).
<b>pupillage</b>	“Pupillage is the final and practical stage of training to become a barrister, which can commence up to five years after completing the Bar Professional Training Course (BPTC). It is either completed in a set of chambers or with another Authorised Training Organisation (ATO). Pupillages usually start in September or October, one year after being accepted by the chambers (so, for example, successful April 2015 applicants will usually commence pupillage in autumn 2016). However, they may start at other times, depending on the set of chambers or ATO.” (Bar Council website)
<b>Pupillage Fair</b>	Event organised by the Bar Council from 2015 to assist student barristers obtain pupillage.
<b>Pupillage Gateway</b>	Website service provided by the Bar Council to assist students to find <b>pupillages</b> .
<b>Pupillage Handbook</b>	Book published by the Bar Council which lists pupillages available.
<b>pupil master</b>	Barrister in charge of <b>pupillage</b> .
<b>puppet</b>	Any arrangement where one person unthinkingly follows the instructions of another. The term commonly applies to leaders of supposedly independent states or bodies.
<b>pur autre vie</b>	Latin: for the life of another. The term is used in relation to tenancy.
<b>purchase</b>	Buy. In accounts, it can be a noun meaning something bought. For <b>starter homes</b> , the term is given a specific meaning in Housing and Planning Act 2016 s2(5).
<b>purchase and resale arrangements</b>	One of the five forms of <b>alternative financial arrangements</b> . Its provisions for capital gains tax are given in Taxation of Capital Gains Act 1992 s151J. Its provisions for income tax are given in Income Tax Act 2007 s564C.
<b>purchase and sale statement</b>	Statement by a commodity broker to a client when a futures contract is closed out.
<b>purchase book</b>	Book in which purchases are recorded. This is not part of the accounting system.
<b>purchase day book</b>	Books which records the purchases made each day. The totals for each day are often treated as a journal entry and entered into the nominal ledger.

<b>purchased goodwill</b>	<p>Goodwill acquired as part of the price of buying a business.</p> <p>Such goodwill is recognised on the balance sheet, whence it may be amortized.</p> <p>~</p> <div style="border: 1px solid black; padding: 5px;"><p>Although purchased goodwill is not in itself an asset, its inclusion amongst the assets of the reporting entity, rather than as a deduction from shareholder's equity, recognises that goodwill is part of a larger asset, the investment, for which management remains accountable.</p><p><i>FRS 10 part of para 9. (This standard has now been replaced by FRS 102.)</i></p></div>
<b>purchased life annuity</b>	<p>An income for life purchased from an insurance company. That part of the annuity that is deemed to be return of capital is tax-free but any balance is treated as interest and is subject to income tax.</p> <p>For corporation tax, the terms "means an annuity —</p> <ul style="list-style-type: none"><li>(a) granted for consideration in money or money's worth in the ordinary course of a business of granting annuities on human life, and</li><li>(b) payable for a term ending at a time ascertainable only by reference to the end of a human life (whether or not the annuity may in some circumstances end before or after the life"</li></ul> <p>(Corporation Tax Act 2009 s561(2)).</p>
<b>purchase invoice</b>	<p>Invoice received from a seller.</p>
<b>purchase ledger</b>	<p>Record of how much you owe your suppliers. Also known as a <b>bought ledger</b>.</p>
<b>purchase method</b>	<p>Method of producing consolidated financial statements (see <b>acquisition method</b>).</p>
<b>purchase of own shares</b>	<p>When a company buys shares in itself. The effect is to extinguish the share and reduce the capital of the company.</p> <p>Such a purchase is generally illegal under Companies Act 2006 s658, but this is subject to many exceptions. Further provisions are provided in Chapter 4 of the Act from s690.</p>
<b>purchase order</b>	<p>Order to buy goods or services from a supplier.</p>
<b>purchase price</b>	<p>Price paid to purchase goods or services.</p>
<b>purchase requisition</b>	<p>Instruction from within an organisation to its purchasing department to acquire an item.</p>
<b>purchases</b>	<p>Total of goods and services bought in a period.</p>
<b>purchasing department</b>	<p>Part of an organisation which is responsible for purchasing goods and supplies.</p>
<b>purchase tax</b>	<p>Sales tax charged on certain goods, particularly luxury items. It was introduced by Finance (No 2) Act 1940 s18 on 21 October 1940 as a temporary war measure, but continued until 31 March 1973 when replaced by <b>value added tax</b>. Purchase tax was introduced to diminish demand for consumer goods in addition to raising revenue, making it a sumptuary tax. Some</p>

purchase tax provisions have been transferred to VAT.

The tax was charged on the open market wholesale value of the goods at the point of retail sale.

The original plan was to charge a flat rate of 25% on most goods. This plan was dropped, and the tax was introduced at two rates: 33⅓% for most items and 16⅔% for other taxable items such as adult clothing and items for preparing food (though food itself was exempt).

In 1942, a new higher rate of 66⅔% was introduced for luxury goods. This rate rose to 100% in 1943.

When the war ended in 1945, goods were divided into classes with many items exempted from tax. This exemption was extended in 1946

In 1947, the 66⅔% rate was re-introduced, for heaters as a means of coping with a fuel crisis. This rate was also applied to cars costing more than £1,280 and to electric lawnmowers.

A second Finance Act of 1947 increased the rates charged: 16⅔% to 33⅓%; 33⅓% to 50%; 66⅔% to 75%; and 100% to 125%. Six months later in 1948, the groups were recast at three rates: 33⅓%; 66⅔% and 100%. They remained at these rates until 1952.

The final rates, introduced on 20 July 1971, charged 45% on luxury goods, 30% on household goods, 18% on confectionery, 11¼% on furniture. Tax was calculated on the wholesale price.

<b>purchasing manager</b>	Person in charge of the <b>purchasing department</b> .
<b>purchasing manager's index (PMI)</b>	Monthly survey of purchasing managers recording various aspects of corporate activity. It is sign as a leading indicator of economic activity.
<b>purchasing officer</b>	Person who works in the <b>purchasing department</b> .
<b>purchasing power</b>	The quantity of goods and services which an item of currency can acquire.
<b>purchasing power parity (PPP)</b>	In economics, the theory that, in the long term, identical goods and services should cost the same in different countries. This is based on the idea that exchange rates will automatically adjust to iron out the differences.
<b>purdah</b>	Curtain for screening a woman's apartments in Eastern countries. By extension, it means any period whereby a person separates themselves. It was used for the exclusion of the Chancellor of the Exchequer and his officers in the days before the Budget in the 20 <sup>th</sup> century.
<b>pure endowment</b>	(1) Gift to an organisation where the donor describes the purpose for which the money may be used. (2) A life assurance policy where the sum assured is paid if the insured life survives the term. Otherwise, nothing is payable.
<b>pure gift</b>	For capital gains tax, term sometimes used for a disposal for no consideration.
<b>pure income profit</b>	Term used to define those payments that benefit from the tax treatment for <b>annual payments</b> . The term was used in the case <i>Comiskey v Hanbury. CA [1939] 38TC588</i> .

<b>purge</b>	Removal of impurities. By extension, the term has come to mean the wholesale removal of a class of things or people, such as on a change of management.
<b>Puritanism</b>	Practice of some in the reign of Elizabeth I and the Stuart monarchs who wished to extend the Reformation by removing all ceremonies from the church, and by enforcement of strict moral codes. By extension, the term is used for anyone who is zealous in promoting strict morals.
<b>purlieu</b>	Originally a tract of land wrongly added to a royal forest. The word now usually means simply outskirts or land at a border.
<b>purloin</b>	Steal, particularly by easy misappropriation, such as keeping goods entrusted for delivery to another.
<b>Purnell, James</b>	English-born Labour politician (1970- ) who was Secretary of State for Work and Pensions between 24 January 2008 and 4 June 2009.
<b>purple judge</b>	Junior circuit judge, from the colour of robes worn. The term is used to distinguish them from red judges of the High Court.
<b>purpose principle</b>	In relation to mental health, “decisions under the [Mental Health Act 1983] must be taken with a view to minimising the undesirable effects of mental disorder, by maximising the safety and wellbeing (mental and physical) of patients, promoting their recovery and protecting other people from harm” (Code of Practice: Mental Health Act 1983 para 1.2)
<b>purpose test</b>	A determinant in how a business is taxed on a payment for compensation or damages, as discussed in the Inspectors’ Manual at BIM 42955.
<b>purpose trust</b>	Trust established for a stated purpose, as against a trust merely for possession and distribution of assets.
<b>purpresture</b>	Encroachment of private property on to public property.
<b>purse</b>	Small bag for carrying money. By extension, it has also come to mean an amount of money itself, such as a prize for a boxing match.
<b>purse and sword</b>	Poetic description relating to control of a nation’s finances and defence.
<b>purse-bearer</b>	Old term for a treasurer, someone who has custody of another’s money.
<b>purse strings</b>	Colloquialism for control over finances. Someone who “holds the purse strings” controls the finance of an entity.
<b>pursuivant</b>	Officer ranking below a herald who has authority to execute warrants.
<b>purveyance</b>	Right of the Crown to requisition goods and services for royal use. This was a form of taxation. This was widely practised from 11 <sup>th</sup> to 14 <sup>th</sup> centuries, and was finally abolished in 1660.



<b>purview</b>	Part of a statute, separate from its preamble, which states the scope of the statute.
<b>put-and-take</b>	Old gambling game played with a top.
<b>putative marriage</b>	Marriage that is supposed to be invalid under canon law, but which was entered into in good faith by at least one of the parties.
<b>putative treaty</b>	Double taxation treaty that has been agreed but not put into effect by both countries. This was a particular problem for the treaty with <b>Ghana</b> .
<b>put/call ratio</b>	For options, the number of puts traded in a market in relation to the number of calls. The ratio is used as an indicator of market sentiment.
<b>put-on</b>	Colloquialism for a hoax, trick or deception.
<b>put option</b>	Option that the gives the holder the right, but not the obligation, to sell shares or other securities on defined terms.
<b>put spread</b>	For options, the simultaneous purchase of a put at one exercise price and the sale of a put at a lower or higher price.
<b>puttable</b>	In investment, a bond is so described when the holder has the right to sell the bond back to the issuer at a specific date and price prior to its maturity.
<b>putter-out</b>	Old term for a person who took out the first form of marine insurance policy, particularly for a long and hazardous journey. The voyager would deposit a sum of money on the basis that he received a much larger sum (typically five times as much) on his return, but nothing if he failed to return.
<b>put up or shut up</b>	Invitation for an accuser to provide evidence for the accusation or to keep quiet.
<b>puture</b>	Ancient right of a forester to be provided with food for himself, his horse and his dog.
<b>put warrant</b>	For options, a warrant that gives its holder the right to sell an underlying instrument such as a share. It may be used by an investor who believes that the price of the underlying investment is about to fall.
<b>PV</b>	<b>Present value.</b>
<b>PVD</b>	Principal VAT directive.
<b>PVE</b>	<b>Payment via employer.</b>
<b>PVGS</b>	<b>Protection of Vulnerable Groups Scheme in Scotland.</b> A scheme introduced in Scotland to control employment where this involves access to vulnerable individuals. The law is Protection of Vulnerable Groups (Scotland) Act 1997. Where an employer pays the registration fees for an individual to belong to the scheme, those fees are not a taxable benefit in kind (Finance Act 2011

s39).

<b>PVM</b>	<b>Pridetines vertes mokestis</b> , Lithuanian for “value added tax”.
<b>PVR</b>	<b>Plant variety rights</b> .
<b>PVRO</b>	Plant Variety Rights Office.
<b>PVS</b>	Permanent vegetative state.
<b>PWC</b>	<b>Post-war credit</b> .
<b>PwC</b>	PriceWaterhouse Coopers, largest accounting firm in the world.
<b>PWLB</b>	<b>Public Works Loan Board</b> .
<b>P Wms</b>	Peere Williams' Reports, law reports of Chancery and King's Bench from 1695 to 1735.
<b>PYA</b>	<b>Prior year adjustment</b> , in accounting.
<b>PYG</b>	<b>ISO code</b> for Paraguayan guarani.
<b>pyramiding</b>	In investment, the use of profits on existing positions as margin to increase the size of the position.
<b>pyramid scheme</b>	Scheme whereby a seller appoints agents who sell on his or her behalf and pass some of the commission back to the seller. The agents then appoint sub-agents who pass commission up the pyramid. Such schemes are illegal.
<b>pyrites</b>	Brassy yellow mineral of iron disulphide, more commonly known as iron pyrites. It is similar to gold ore but of negligible value, hence its nickname of fool's gold. It can be tested by using acid, which is the origin of the expression <b>acid test</b> .
<b>Pyrrhic victory</b>	Victory gained at too great a cost, such as where the costs incurred significantly exceed the amount awarded. The term comes from a battle led by Pyrrhus, king of Epirus (318-272 BC) in 280 BC.
<b>pyt</b>	Payment. Abbreviation used by HMRC in recording telephone conversations.
<b>pyx</b>	Box at the Royal Mint to test the weight and fitness of coins. The trial has been conducted since 1282. The current legal requirement for it is in Coinage Act 1971 s8. The trial is now purely ceremonial as coins are checked by more sophisticated modern machinery.



<b>Q</b>	<p><b>National insurance</b></p> <p>National insurance contribution letter for ocean-going mariners where the employee has deferment of contributions.</p> <p><b>Other meanings</b></p> <p>(1) Question.</p> <p>(2) Old Roman numeral alternative for 500.</p> <p>(3) A <b>Q flag</b> flown as a courtesy ensign by a yacht that has yet to clear Customs.</p> <p>(4) Quantity of biodiesel or bioblend in formula in Hydrocarbon Oil Duties Act 1979 s14C(4).</p> <p>(5) Second person, as in Income Tax Act 2007 s809ZFA(1) as inserted by Finance Act 2016 s68.</p> <p>(6) Figure used in calculation of cluster area allowance in Corporation Tax Act 2010 s356JHA.</p>
<b>QA</b>	Quality Assurance.
<b>QAD</b>	Quality Assurance Department, of Institute of Chartered Accountants in England and Wales.
<b>QAR</b>	<b>ISO code</b> for Qatar riyal.
<b>Qatar</b>	Arab country. Its currency is the Qatar riyal of 100 dirhams. The UK has a double taxation agreement of 2009 amended by a protocol of 2010. There is a double taxation agreement, consolidated version, of 2010.
<b>Qatar riyal</b>	Currency of Qatar.
<b>QB or QBD</b>	<b>Queen's Bench Division.</b> Since 1875, part of the <b>citation</b> of a report of a court case heard in this division of the High Court during the reign of a queen.
<b>QC</b>	<p>(1) Prefixes to paragraphs in chapter 3 of the Conceptual Framework of International Financial Reporting Standards. The chapter deals with the qualitative characteristics of useful financial information.</p> <p>(2) Queen's counsel, a senior barrister during the reign of a queen.</p>
<b>QCB</b>	<b>Qualifying corporate bond.</b>
<b>QCF</b>	Qualifications and Credit Framework.
<b>QE</b>	<p>Qualifying expenditure for capital allowance. This abbreviation is used in Proceeds of Crime Act 2002 Sch 10 para 14(3).</p> <p>It is also used in Capital Allowances Act 2001 s 104E in relation to a disposal of special rate assets, and s197(3) in relation to an anti-avoidance provision.</p>

<b>QED</b>	Quod erat demonstrandum, Latin: which was to be demonstrated. Initials put at the end of a Euclidean geometry theorem, and, by extension, to anything else that has been proved.
<b>QEF</b>	<b>Qualifying earnings factor.</b>
<b>Q flag</b>	Yellow flag that is flown instead of a courtesy ensign by a yacht that has yet to be cleared by Customs and Immigration. A Q flag does not need to be flown if arriving from an EU state (Customs notice 8).
<b>QI</b>	Qualifying intermediary. Term used in connection with Foreign Account Tax Compliance Act 2010 of USA.
<b>QIIP</b>	<b>Qualifying interest in 212possession</b> , a form of trust.
<b>qintar</b>	Albanian unit of currency, equal to one hundredth of a lek.
<b>QIS</b>	<b>Qualified investor scheme.</b>
<b>QLR</b>	Qualifying loan relationship, term used in relation to controlled foreign companies.
<b>QOPS</b>	Qualifying overseas pension scheme.
<b>QRC</b>	<b>Quarantine release certificate.</b>
<b>QR code</b>	Square pattern of black squares, similar to a <b>bar code</b> but two-dimensional. They were invented in 1994. The letters stand for Quick Response. A modern use is for a modern mobile phones or similar appliance to scan the image to produce an instant e-mail such as a technical specification of an item.
<b>QRI</b>	In relation to residence nil rate band for inheritance tax, the attributable portion of the value transferred, as defined in Inheritance Tax Act 1984 s8M(2) as inserted by Finance (No 2) Act 2015 s9.
<b>QRM</b>	<b>Quick Response Mechanism.</b>
<b>QROPS</b>	Qualifying recognised overseas pension scheme. From April 2017, there is generally a 25% tax charge when a UK pension is transferred to a QROPS.
<b>QST</b>	Quebec Sales Tax.
<b>quadrans</b>	Roman copper coin worth one quarter of an as.
<b>quadrillion</b>	10 <sup>15</sup> , that is 1 followed by 15 zeros.

**quadruple entry bookkeeping** Term coined for the phenomenon where two trading parties each record the same transaction using double-entry bookkeeping. **Blockchain** has been suggested as a means of eliminating this duplication.

**quadruplicate** Provided four times, such as four copies of the same document.

**quaelibet 213concession fortissime contra donatorem interpetanda est**  
Latin: every grant is to be construed as strongly as possible against the grantor.

**quae non valeant singula213, juncta juvant**  
Latin: words which are of no effect by themselves are effective when combined.

**quaere** Latin: to inquire. Comment used to cast doubt on a statement.

**quaere verum** Latin: seek the truth. This is the motto of the Institute of Chartered Accountants of Scotland.

**Quai d'Orsay** French foreign office, from a quay on the Seine.

**qualec** Abbreviation of **qualifying low emission car**.  
Such a car attracted a low **fuel benefit** tax charge for an employee if provided as a **company car**. The term ceased to have any meaning from 6 April 2012 when the rates were extended down to 10%.

**qualification** In auditing, a reservation or exception in notes to the accounts which comment on how reliable a figure or figures are.

**qualification appropriate to the practice of the profession concerned**  
Term defined in VAT leaflet 701/5 in relation to fees for a professional body.

**qualification period** In insurance, the period at the start of a contract in which a claim is not met. This is to help determine that the claim is genuine. It is standard in health insurance.

**qualification share** Share which a director must hold as a condition of holding office. The existence of such an arrangement must be disclosed in any **prospectus**.

**qualified** (1) Description of a person who holds a recognised qualification in the relevant discipline, such as being an accountant or solicitor.  
(2) In accounting, a narrative comment which reflects on the accuracy or reliability of a figure in the accounts.

**qualified acceptance** When a person takes over the duty to pay a **bill of exchange** subject to a new condition (Bills of Exchange Act 1882 s19(2)).

**qualified accounts** Accounts with an audit report which either does not accept the accounts or believes that further comment should be provided.

<b>qualified audit opinion</b>	<p>An audit opinion to the effect that: the accounts do <i>not</i> show a true and fair view; or the accounts show a true and fair view <i>except for</i> particular matters.</p> <p>HMRC has confirmed to Institute of Chartered Accountants in England and Wales that a qualified audit report does not necessarily trigger a tax investigation. Details are given in ICAEW Technical Release 800.</p>
<b>qualified creditor</b>	<p>In Scotland, someone who is owed at least £1,500 and may start sequestration proceedings against the debtor.</p>
<b>qualified domestic trust</b>	<p>In the USA, a trust for a non-citizen spouse of a US citizen. The creation of such a trust has tax advantages on the death of the US citizen.</p>
<b>qualified investor scheme (QIS)</b>	<p>An <b>authorised investment fund</b> that has wide powers and may legally only be marketed to qualified investors, as defined by Financial Services Authority.</p> <p>In general, a QIS is taxed as as an <b>authorised investment fund</b>.</p>
<b>qualified plan</b>	<p>Term once used to mean a tax-deferred pension plan to allow employees to accumulate tax-free savings for retirement.</p>
<b>qualified report</b>	<p>Report by auditor or examiner which discloses a concern or which gives information not included in the accounts.</p>
<b>qualified stock option</b>	<p>US investment term for a stock option given to executives and employees under IRS rules. It is not subject to tax at either the grant date or exercise date.</p>
<b>qualified teacher</b>	<p>Person who satisfies the conditions in various regulations (Education Act 2002 s132). The regulations are contained in various Statutory Instruments.</p>
<b>qualified valuer</b>	<p>Person who holds a recognised qualification in valuing and who has relevant post-qualification experience. The auditor may rely on the opinion of such a valuer when accepting values of fixed assets, particularly with regards to land and property.</p>
<b>qualifying</b>	<p>This term is widely used in tax law to describe something that meets conditions subsequently set out. Only the most common or distinctive uses of the word are separately listed below.</p>
<b>qualifying academy provider</b>	<p>Company limited by guarantee that runs an <b>academy</b> (Academies Act 2010 s12(2)). Such a provider is a charity.</p>
<b>qualifying accessory</b>	<p>Additional item added to a company car and which may increase the value on which the employee pays tax (Income Tax (Earnings And Pensions) Act 2003 s125(1)).</p>
<b>qualifying annual payment</b>	<p>In relation to deductions from annual payments and patent royalties, this term is defined in Income Tax Act 2007 s899.</p>

- qualifying arrival date** For employee taxation, the date an employee arrives in the UK. It is determined according to Income Tax (Earnings And Pensions) Act 2003 s375.
- qualifying asset** For accounting, "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale" (FRS 102 glossary). The glossary continues with possible examples.
- qualifying care relief** Various forms of **care relief** for which tax provisions apply.
- qualifying change** Term used in Finance Act 2010 s26 to cover the sale, part-sale, change of ownership and similar changes in ownership of a business that could prevent an acquiring company being able to claim the capital allowances of the acquired company.
- qualifying change of ownership** Term used in Taxation of Capital Gains Act 1992 s184C in relation to chargeable gains on a change of company ownership.
- qualifying chapter 3 expenditure** In relation to research and development tax credits for small and medium-sized companies, this term is defined in Corporation Tax Act 2009 s1065.
- qualifying chapter 4 expenditure** In relation to research and development tax credits for small and medium-sized companies, this term is defined in Corporation Tax Act 2009 s1070.
- qualifying chapter 5 expenditure** In relation to research and development for large companies, this term is defined in Corporation Tax Act 2009 s1076.
- qualifying charity-owned company** Term used in relation to **tainted charity donations** (Income Tax Act 2007 s809ZJ(8) and Corporation Tax Act 2010 s939C(8)).
- qualifying co-production** In relation to television production relief, "means a relevant programme that is eligible to be certified as a British programme under section 1216CB as a result of an agreement between Her Majesty's Government in the United Kingdom and any other government, international organisation or authority" (Corporation Tax Act 2009 s1216A1).
- qualifying corporate bond (QCB)** In general, this means a financial instrument that represents a loan relationship.  
For capital gains tax, the term is defined in Taxation of Capital Gains Act 1992 s117. The term **corporate bond** is defined in *ibid* s132.
- qualifying creative work** A literary, dramatic, musical or artistic work which provides a particularly large revenue in one tax year.  
From 6 April 2001 there is a special tax provision which helps to prevent the writer, playwright, composer or artist being highly taxed in one year.

The provision considers two consecutive years. The provisions is triggered when either:

- the profit for one year is less than 70% of an adjacent year; or
- the profit for one year is nil.

In such a case, the profits may be averaged according to a specific formula. The total profits of all years are fully taxed; the scheme simply evens up the income between the relevant years.

**qualifying distribution** Payment of a dividend on which advance corporation tax (ACT) has been paid. (ACT was generally abolished in 1999.)

**qualifying donation** Donation that qualifies for tax relief under Gift Aid in accordance with Income Tax Act 2007 s416. This imposes various conditions.

**qualifying earnings factor (QEF)** For social security, an amount calculated as the **earnings factor** for a tax year multiplied by 52 (Social Security Contributions and Benefits Act 1992 s122(1)). It determines eligibility to certain contributory benefits.

**qualifying emissions certificate** In relation to capital allowances for cars, the legal provisions are set out in Capital Allowances Act 2001 s268C.

**qualifying employment share trust (QUEST)** An employee share ownership trust (ESOT) that meets certain conditions when the trust is established. These are set out in Finance Act 1989 Sch 5. Tax relief is provided by Finance Act 1989 s67.

**qualifying entity** For accounting, "a member of a group where the **parent** of that group prepares publicly available **consolidated financial statements** which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation" (FRS 102 glossary).  
An entity that qualifies for reduced disclosure of its accounts such as by being a subsidiary (FRS 102 section 1.8).

**qualifying expenditure on contracted-out research and development** This term is defined in Corporation Tax Act 2009 s1078.

**qualifying expenditure on contributions to independent research and development** This term is defined in Corporation Tax Act 2009 s1079.

**qualifying expenditure on externally provided workers** In relation to research and development expenditure, this term is defined in Corporation Tax Act 2009 s1127.

**qualifying expenditure on in-house direct research and development** This term is defined in Corporation Tax Act 2009 s1077.



**qualifying financial institution** Organisation whose business includes receiving deposits and granting credits (FRS 1, now repealed).

**217qualifying first time buyer** In relation to **starter homes**, “means an individual who —  
(a) is a first-time buyer,  
(b) is at least 23 years old but has not yet reached the age of 40, and  
(c) meets any other criteria specified in regulations made by the Secretary of State (for example, relating to nationality” (Housing and Planning Act 2016 s2(3)).

**qualifying fuel and power** Supplies of fuel and power used for domestic purposes or by a charity for its non-business activities. Such supplies qualify for the reduced rate of VAT.

**qualifying general earnings** “In relation to a **PSA**, has the meaning given by regulation 106” (PAYE Regulations SI 2003 No 2682 reg 2(1)).

**qualifying holiday accommodation**  
Term used in Corporation Tax Act 2009 s267 and Income Tax (Trading and Other Income) Act 2005 s325.

**qualifying institutional investor**  
In relation to substantial shareholding exemption, this term is defined in Transfer of Capital Gains Act 1992 Sch 7A para 30A as inserted by Finance (No 2) Act 2017 s28(5).

**qualifying insurance contract** Contract of employee indemnity insurance that does not create a taxable benefit (Income Tax (Earnings And Pensions) Act 2003 s349). This definition has been amended by Finance (No 2) Act 2017 s3(3).  
Another definition appears in *ibid* s560 in relation to payments from an employee.

**qualifying insurance policies** In accounting for pensions, “an insurance policy issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policy:  
(a) can be used only to pay or fund employee benefits under a defined benefit scheme;  
(b) are not available to the reporting entity’s own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either:  
(i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or  
(ii) the proceeds are returned to the reporting entity to reimburse if for the employee benefits already paid”, (FRS 102 glossary).

**qualifying interest in possession (QIIP)**  
In relation to the exemption from the inheritance tax ten-yearly charge, this term is defined in Inheritance Tax Act 1984 s80(1).  
For inheritance tax generally, the term is defined and the tax provisions set out in Inheritance Tax Act 1984 from s59.

**qualifying investments test** Test that must be satisfied by an **open-ended investment company** as set out in Corporation Tax Act 2009 s493.

**qualifying low emission car** **Company car** which has a **carbon dioxide emission** of less than 120g/km. The term is abbreviated to **qualec**.

From 6 April 2008 to 5 April 2011, such a car attracts a **fuel benefit** tax charge equal to 10% of the set charge. This is significantly less than for most other cars where the percentage can be as high as 35%.

The term is no longer used as such cars are taxed on the scale for all company cars.

**qualifying non-sterling account**

In relation to HMRC's power to seize funds from a taxpayer's bank account without needing the approval of any court, this term is defined in Finance (No 2) Act 2015 Sch 8 para 4(9).

**qualifying overseas pension scheme**

An overseas pension scheme is a qualifying overseas pension scheme if it satisfies certain HMRC requirements. The scheme manager must notify HMRC that the scheme is an overseas pension scheme and provide evidence to HMRC where required. The scheme manager must also sign an undertaking to inform HMRC if the scheme ceases to be an overseas pension scheme and comply with any prescribed benefit crystallisation information requirements imposed on the scheme manager by HMRC. The overseas pension scheme must not be excluded by HMRC from being a qualifying overseas pension scheme.

**qualifying payment**

For PAYE, "means a payment which becomes retrospective employment income as a relevant payment (including a notional payment)" (PAYE Regulations SI 2003 No 2682 reg 2(1)).

**qualifying period**

Time which must pass before an entitlement applies. Examples include periods for receiving a grant or tax relief.

**qualifying policy**

A life insurance policy which has been certified HMRC as complying with the Qualifying Policy Regulations. Proceeds on maturity or death do not give rise to a tax charge.

**qualifying recognised overseas pension scheme (QROPS)**

A recognised overseas pension scheme is a qualifying recognised overseas pension scheme if it satisfies certain HMRC requirements. The scheme manager must notify HMRC that the scheme is a recognised overseas pension scheme and provide evidence to HMRC where required. The scheme manager must also sign an undertaking to inform HMRC if the scheme ceases to be a recognised overseas pension scheme and comply with any prescribed information requirements imposed on the scheme manager by HMRC. The recognised overseas pension scheme must not be excluded by HMRC from being a qualifying recognised overseas pension scheme.

**qualifying service**

**Pensions**

In pensions, the period for which an employee must be employed by a company before becoming eligible to join a group scheme.

The term also refers to the service to be taken into account to entitle a member of a pension scheme to short service benefit.

**Employment law**

In employment law, the period of one year before which an employee is eligible to claim many rights, particularly unfair dismissal. There is no qualifying service for a claim for dismissal arising from:

- trade union membership or non-membership;
- illegal discrimination;
- work as health and safety officer, pension scheme trustee, or employee representative;
- refusing to work on a Sunday (as allowed); and
- breach of Working Time Regulations.

**qualifying shares**

Number of shares which a shareholder must hold to be entitled to receive a bonus issue or to become a director of the company.

**qualifying significant decision**

For the purposes of data protection, is a decision “if —  
(a) it is a **significant decision** in relation to a data subject,  
(b) it is required or authorised by law, and  
(c) it does not fall within Article 22(2)(a) or (c) of the GDPR  
(decisions necessary to a contract or made with the data subject’s consent)”  
(Data Protection Act 2018 s14(3)).

**qualifying site**

In relation to onshore allowance for oil and gas companies, the term “means a site whose development (in whole or part) is authorised for the first time on or after 5 December 2013” (Corporation Tax Act 2010 s356C(3)).

**qualifying subsidiaries requirement**

Requirement that a company which has a subsidiary or subsidiaries is only eligible to receive investment under a **venture capital trust** if the subsidiary or subsidiaries themselves qualify.

**qualifying territory**

Any country or other territory with whom the UK has a **double taxation treaty**. In some contexts, there are further restrictions.

**qualifying time deposit**

For income tax purposes, this is defined in Income Tax Act 2007 s866.

**qualifying trade**

Commercial activity which qualifies investment in a company for a tax relief. In practice, a qualifying trade is usually defined as any trade except a non-qualifying one.

**qualifying travelling expenses**

Travelling expenses that may be claimed by employees and office holders. Normal commuting is not included.

<b>qualifying UK or foreign tax</b>	In the context of leasing, means income tax, corporation tax or any foreign equivalent (Capital Allowances Act 2001 s70YE).
<b>qualifying units in or shares of a non-UCITS retail scheme</b>	For child trust funds, this term is defined in Child Trust Funds Regulations SI 2004 No 1450 reg 2(1)(b).
<b>qualifying votes</b>	For determining control of a company in a claim for <b>consortium relief</b> , "votes which may be cast in a poll taken at a general meeting of the trading company held during or after the current period" (Corporation Tax Act 2010 s155(3)).
<b>qualifying week (QW)</b>	<p>For <b>statutory maternity pay (SMP)</b>, this is the 15<sup>th</sup> week before the <b>expected week of childbirth</b>. If the employee was not employed in the QW, she is not entitled to SMP from that employer.</p> <p>The QW is also used to determine the period for which <b>average earnings</b> are calculated to determine payments for the first six weeks of SMP.</p>
<b>qualifying work</b>	<p>In relation to the fixed rate deduction for use of home for business premises, the term "means —</p> <p>(a) work done by the person, or any employee of the person, in the person's home wholly and exclusively for the purposes of the trade, or</p> <p>(b) where the person is a firm, work done by a partner or any employee of the firm, in the partner's home wholly and exclusively for those purposes"</p> <p>(Income Tax (Trading and Other Income) Act 2005 s94H(4A) as inserted by Finance Act 2016 s24(5).</p>
<b>qualifying young person</b>	<p>Term used in social security legislation to describe someone for whom <b>child benefit</b> may be claimed.</p> <p>A qualifying young person is basically someone aged 16 to 18 (and in limited circumstances 19) who is in full-time education or training and for any <b>extension period</b> thereafter.</p> <p>For tax credits, the term is defined in Tax Credits Act 2002 s8(4).</p>
<b>qualitative</b>	Relating to intrinsic nature rather than to quantity, which relates to amount. The value of anything, whether it can be ascribed or monetary or not, and however abstract, is usually a representation of quantity multiplied by quality.
<b>qualitative analysis</b>	In investment, determining the value of an investment by examining non-numerical characteristics. This typically involves looking at management, employee morale, customer loyalty and brand value.
<b>qualitative characteristics</b>	<p>Requirements of published accounts of a reporting entity as set out in FRS 102 from para 2.4.</p> <p>The characteristics are:</p> <ul style="list-style-type: none"><li>• understandability</li><li>• relevance</li><li>• materiality</li><li>• reliability</li><li>• substance over form</li><li>• prudence</li></ul>

- completeness
- comparability
- timeliness
- balance between benefit and cost.

**quality** Intrinsic nature or character of something or someone. The term is sometimes used to mean a good nature or character.

The term has sometimes been given a specific meaning. For example, in relation to disclosure to avoid tax penalties, quality is defined by the three characteristics of timing, nature and extent (Finance Act 2007 Sch 24 para 9(3)).

### **Quality Assessment Committee**

Body established by the Office for Students under Higher Education and Research Act 2017 s24.

**quamdiu se bene gesserit** Latin: during good behaviour.

**quand même** French: Nevertheless, whatever the consequence may be.

**quando acciderint** Latin: when it happens.

The term is used in executorship to mean that a judgment against an executor applies when the goods come into his or her possession.

### **quando aliquid mandatur, mandatur et omne per quod pervenitur ad illud**

Latin: when anything is commanded, everything by which it can be accomplished is also commanded.

### **quando aliquid prohibetur fieri, prohibetur ex directo et per obliquum**

Latin: when anything is forbidden, then doing it directly or indirectly is forbidden.

### **quando duo jura in una persona concurrunt, aequum est ac si essent diversis**

Latin: when two titles concur in one person, it is the same as if they were in different persons.

### **quando jus domini regis et subditi concurrunt, jus regis praeferri debet**

Latin: when the titles of the king and of the subject concur, the title of the king is to be preferred.

### **quando lex aliquid alicui concedit, concedere videtur id sine quo res ipsa esse non potest**

Latin: when the law gives anything to anyone, it gives also all those things without which the thing itself could not exist.

### **quando plus fit quam fieri debet, videtur etiam illud fieri quod faciendum est**

Latin: when more is done than ought to be done, then that is considered to have been which ought to have been done.

**quant** American colloquial abbreviation for a quantitative analyst.

**quantitative analysis** In investment, process of valuing a share or other security by numerical information such as sales and profit margins. Analysis from non-numerical

information is known as **qualitative analysis**.

<b>quantitative easing (QE)</b>	“A process whereby the central bank injects money directly into the economy in order to stimulate bank lending and control inflation” (HM Treasury glossary). This is sometimes called printing money.
<b>quantum</b>	Latin: amount, quantity.
<b>quantum meruit</b>	Latin: as much as has been earned.
<b>quantum ramificatus</b>	Latin: the amount of damage suffered.
<b>quantum sufficit</b>	Latin: sufficient quantity.
<b>quantum valebant</b>	Latin: the amount it is worth.
<b>quarantine</b>	<p>Compulsory and necessary isolation, such as on the importing of animals to avoid spreading illness.</p> <p>In relation to organ transplants, the term means “the status of retrieved <b>tissue</b> or <b>cells</b>, or tissue isolated physically or by other effective means during processing to prevent or retard biological or physical deterioration of cells or tissues” (Directive 2003/23/EC article 3).</p>
<b>quarantine flag</b>	Yellow flag traditionally flown by a ship in quarantine.
<b>quarantine kennels</b>	These qualified for capital allowance as <b>plant</b> if constructed between 1 April 1972 and 14 March 1988.
<b>quarantine release certificate (QRC)</b>	Document that an importer may need to present to Customs to obtain clearance to import certain plants or plant products.
<b>quare impedit</b>	Latin: why does he hinder? Form of writ for a disputed benefice.
<b>quarries</b>	Profits from a quarry run as a trade are subject to income tax (Income Tax (Trading And Other Income) Act 2005s12) or corporation tax (Corporation Tax Act 2009 s39).
<b>quart</b>	<b>Imperial unit</b> of liquid capacity equal to 2 pints, 69.355 cubic inches or 1.136 litres. There are four quarts in a gallon.
<b>quartation</b>	Process of mixing one part of gold with three parts of silver as part of a process of purification.
<b>quarter</b>	<p><i>General</i></p> <p>Fourth part. One divided by four.</p> <p><i>Value added tax</i></p> <p>“Quarter means a period of 3 months ending at the end of March, June, September and December” (Value Added Tax 1994 s96(1)).</p>

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

"A period of three months ending —

(a) unless paragraph (b) applies, with the last day of March, June, September or December, or

(b) if the person mentioned above in subsection (1) is a building society, with the last day of February, May, August or November"

(Income Tax Act 2007 s947(4)).

### **Other meanings**

(1) Period of three months for which accounts are sometimes prepared.

(2) US coin worth 25 cents, or a quarter of a dollar.

(3) Imperial unit of weight of one quarter of a hundredweight, that is 28 pounds (or 25 pounds in USA).

(4) Eight bushels of corn.

### **quarterage**

Old term for a quarterly payment, particularly of rent.

### **quarter date**

In relation to **section 946 payments** from banks and other bodies, this means:

- the last day of March, June, September and December for banks,
- the last day of February, May, August and November for building societies. (Income Tax Act 2007 s947(4)).

### **quarter day**

#### **England**

One of four days in the year on which payments (particularly of rent) are often due.

In England and Wales, the quarter days are:

- Lady Day: 25 March
- Midsummer Day: 24 June
- Michaelmas Day: 29 September
- Christmas Day: 25 December

Ireland has the same quarter days, though they are not widely used.

#### **Scotland**

Scotland has **old Scottish term days** of:

- Candlemas: 2 February
- Whitsunday: fixed as 15 May
- Lammas: 1 August
- Martinmas: 11 November

(These days were also used in Northern England until 18<sup>th</sup> century.)

Under Terms and Quarter Days (Scotland) Act 1990, Scottish term days are now 28 February, 28 May, 28 August and 28 November with effect from 13 June 1991.

### **quarterly distillery return**

Return that must be made every three months by a **distillery** on form W21.

### **quarterly PAYE**

The right to pay PAYE quarterly instead of monthly if the amount is below a limit, currently £1,500 a month. This provision was introduced on 6 April 1991.

The option is based on a reasonable estimate of monthly PAYE and national insurance at the start of the tax year. Provided the estimate was

reasonable when made, quarterly payments may continue even if the figure rises above the limit.

The monthly PAYE limits are:

From year	Monthly maximum PAYE
2000/01	£1,500
1999/2000	£1,000
1995/96	£600
1994/95	£450
1991/92	£400

The relevant provisions are given in PAYE Regulations SI 2003 No 2682 reg 70.

#### quarterly rebate payment person

For hydrocarbon oil duty, “means a **rebate payment person** permitted by the Commissioners, in the licence issued by them to him as a rebate payment person, to furnish an estimate (governed by the Regulations) in relation to any quarterly period in any year beginning 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October” (Hydrocarbon Oil Duties (Payment of Rebates) Regulations SI 1996 No 2313 reg 3(1)).

#### quartern

Measure of one quarter of a peck, stone, pound, pint or hundred, depending on context.

#### quarter sessions

Court sittings to deal with appeals from petty sessions. These courts sat from 14<sup>th</sup> century until 1971.

#### quartile

In statistics, those items that fall into one of the four quarters of a range, such as the richest quartile, second richest quartile etc.

#### quarto

Old standard paper size before A4 became the standard in the 1970s. Quarto measured eight inches by ten (with some historic variations), which is a little smaller than A4.

#### quash

In law, extinguish or annul completely,

#### quasi-cash collateral

“In relation to a **stock lending arrangement** or **quasi-stock lending arrangement**, means —

(a) any money which is payable for a relevant purpose, and

(b) any other property which is transferable for a relevant purpose”

(Income Tax Act 2007 s600(4)).

Section 600(5) defines “relevant purpose” as meaning part of a stock-lending or quasi-stock lending arrangement.

#### quasi-contract

An obligation that does not arise from a contract but is similar to one that does. The implications have been considered in the cases *Sinclair v Brougham* [1914] and *Nelson v Larholt* [1951].



<b>quasi-debt</b>	Term used by international accounting standards in relation to <b>preference shares</b> .
<b>quasi-derivative</b>	“A contract or asset having the effect of a <b>derivative contract</b> ” (FCA glossary).
<b>quasi-distribution</b>	Loan by a company to a shareholder. This was a common tax avoidance scheme that has now been made ineffective.
<b>quasi-easement</b>	Implied right of a tenant to enjoy all easements which are necessary to enjoy the property rights granted. The issue was considered in the case <i>Wheeldon v Burrows [1879]</i> .
<b>quasi-loan</b>	Transaction with the nature of a loan arranged through a third party. If a quasi-loan is arranged between a company and one of its directors, the approval of members may be required. The statutory definition is: “A transaction under which one party (the creditor) agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the borrower) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for another (the borrower): (a) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or (b) in circumstances giving rise to a liability on the borrower to reimburse the creditor” (Companies Act 2006 s199(1)).
<b>quasi-loan payment information</b>	In relation to trading income provided through third parties by a loan outstanding on 5 April 2019, the term is defined in Finance (No 2) Act 2017 sch 12 para 23 as inserted by Finance Act 2018 Sch 2.
<b>quasi-stock lending arrangements</b>	“Means so much of any arrangements between two or more persons as are not <b>stock lending arrangements</b> , but are arrangements under which — (a) a person (“the lender”) transfers securities to another person (“the borrower”) otherwise than by way of sale. and (b) a requirement is imposed on a person to transfer any or all of the securities, or any other property, back to the lender or any other person otherwise than by sale” (Income Tax Act 2007 s600(2)).
<b>quasi-subsidary</b>	“A quasi-subsidary of a reporting entity is a company, trust, partnership or other vehicle that, though not fulfilling the definition of a <b>subsidiary</b> , is directly or indirectly controlled by the reporting entity and gives rise to benefits for that entity that are in substance no different from those that would arise were the vehicle a subsidiary” (FRS 5 para 7, now repealed). A different definition is given in Corporation Tax Act 2010 s32(3) in relation to whether dividends from such a company are <b>franked investment</b>

**income.**

**quasi uniform**

When **everyday clothing** is so prescribed for work so that it serves the same function as a **uniform**.

Unlike a uniform, it does not become tax-deductible. The leading case is *Mallalieu v Drummond [1983] 57TC330*. The matter is discussed in the Inspectors' Manual at BIM37910.

**quay**

Landing place for goods delivered by boat.

**queen**

Female monarch, or wife of a king.

**Queen Anne's Bounty**

Fund established in 1703 to fund the Church of England. It is now merged as part of the Church Commissioners' funds.

**Queen Elizabeth II**

Monarch of the United Kingdom (1926- )who succeeded to the title in 1952 on the death of her father, King George VI. She is also head of state for seven other countries and head of the Commonwealth.

All taxes are collected in her name.

The Queen is exempt from tax though she agreed to pay it voluntarily from 6 April 1993, as did the Prince of Wales. Their agreement is set out in a memorandum of understanding presented to Parliament on 11 February 1993.

This memorandum sets out what constitutes royal income for the purposes of taxation. It also exempts from inheritance tax transfers from one sovereign to the next.

The reigning monarch is also Duke of Lancaster and is entitled to receive bona vacantia in Lancaster.

**Queen Mary gesture**

Major project that fires the imagination and stimulates productivity.

The term was widely used by Ian McGregor when chairman of British Steel Corporation. It referred to the building of the ship Queen Mary whose almost complete hull had been rusting in a shipyard during the 1930s recession. The government lent Cunard the money to complete its building as a means of providing a psychological boost. The ship was launched in 1935.

**Queen's counsel (QC)**

Senior barrister during the reign of a Queen.

**Queen's peace**

Right of law-abiding subjects to live their lives without interference.

**Queen's tobacco pipe**

Nickname for a kiln at London Docks where contraband was burned until 1891.

**Queer Street**

Poetic name for fictitious abode of people with serious debt problems.

**quelque chose**

French: something unspecified.

**QUEST**

**Qualifying employment share trust.**

**questions for the Secretary of State**

Before 29 November 1999, this was the only method of appeal for an issue relating to national insurance. It was governed by Social Security Administration Act 1992 s17. From 29 November 1999, appeals are made to tribunals as for income tax.

**quetzal**

Currency of Guatemala.

Gold coins for 5, 10 or 20 quetzales may be regarded as gold investment coins for VAT purposes (VAT notice 701/12A).

**Quia Emptores**

Latin: because purchasers. A statute of 1290 relating to land holdings.

**quick ratio**

In accounting, another term for **liquidity ratio**.

**Quick Response Mechanism (QRM)**

Provision under a draft European Directive issued in November 2011 in relation to VAT fraud.

Under QRM, a member state is able to impose a reverse charge on defined goods as a means of combatting VAT fraud, without waiting for a derogation from the European Commission.

**Quick Shoe**

Leading tax case on the extent to which the purchaser of a business may claim tax relief for discharging liabilities of the seller.

The full citation is *Cooke v Quick Shoe Repair Service [1949] 30TC460*. The capital element of the consideration is discussed in the Inspectors' Manual at BIM35655; the revenue element at BIM38330.

**quick succession relief (QSR)**

Relief given when property is inherited for a second time within five years, such as when a beneficiary dies soon after the testator.

The relief is 100% for a second succession in one year, and then 20%, 40%, 60% and 80% for up to two, three, four and five years respectively (Inheritance Tax Act 1984 s141).

If the successor also dies within five years, QSR may be claimed again.

QSR is a long-standing provision of death duties. For example, it was given for estate duty under Finance Act 1958 s30 (repealed by Finance Act 1975).

**quicquid plantatur solo, solo cedit**

Latin: whatever is affixed to the soil belongs to the soil.

**quid**

Colloquialism for a pound in money. The term dates from 1688.

**quid hoc sibi vult?**

Latin: what does this mean?

**quid pro quo**

Latin: something for something. In contract law, this means **consideration**.

**quids in**

Slang for a very profitable situation.

<b>quiet possession</b>	Right to use one possessions freely. In consumer contracts, this right is given by Consumer Rights Act 2015 s17(6).
<b>quietus</b>	Acquittance, discharge from office.
<b>quietus redditus</b>	Latin: <b>quit rent</b> .
<b>qui facit per alium facit per se</b>	Latin: he who acts through another is deemed to act in person. This is the legal principle that a principal is liable for the actions of his or her agent. This principle is explicitly stated in tax law regarding agents, such as in arguing <b>reasonable excuse</b> for lateness or error in paying tax.
<b>qui jure suo utitur neminem laedit</b>	Latin: he who exercises his legal right inflicts upon no-one any injury.
<b>qui jussu judicis aliquod fecerit non videtur dolo malo fecisse quia parere necesse est</b>	Latin: he who does anything by command of a judge will not be supposed to have acted from improper motive because there is an obligation to obey.
<b>quilibet potest renunciare juri pro se introducto</b>	Latin: every man is entitled to renounce a right introduced in his favour.
<b>quill</b>	Writing implement made from a feather.
<b>Quill Corporation</b>	US case of 1992 which broadly held that one state cannot be required to collect sales taxes owed to another state. The US Supreme Court largely reversed this decision in <i>South Dakota v Wayfair Inc et al [2018]</i> .
<b>Quinapulus</b>	Fictitious person to whom observations are attributed to give them added credence. The name comes from one quoted by the clown in <i>Twelfth Night</i> by Shakespeare.
<b>quindraka</b>	One hundredth of a lek, currency of Albania.
<b>Quinizarin</b>	Colouring agent that is used to indicate that <b>hydrocarbon oil duty</b> has not been paid on oil.
<b>quintal</b>	Unit of weight equal to 100 kilograms, or one tenth of a metric tonne.
<b>quintillion</b>	Number equal to 1 followed by 18 zeros.
<b>quintuplicate</b>	Description of a document provided five times.
<b>qui per alium facit, per seipsum facere videtur</b>	Latin: he who does anything by another is deemed to have done it himself.
<b>qui prior est tempore potior est jure</b>	Latin: he who is first in time has the strongest claim in law.

- quipu** Ancient Peruvian device for keeping accounts by knots on string.
- quire** 24 sheets of paper.
- quis custodiet 229imil custodes?** Latin: who will watch over the watchers themselves? In other words, who supervises the supervisors?  
The phrase comes from *Satires* by Juvenal.
- qui sentit commodum sentire debet et onus; et e contra**  
Latin: he who enjoys the benefit ought to bear the burden; and vice versa.
- quis separabit?** Latin: who will separate? This motto is widely used in Ireland.
- qui s'excuse, s'accuse** French: he who excuses himself, accuses himself.
- quit** Leave, particularly in the sense of giving up a tenancy.
- qui tacet consentire videtur** Latin: he who is silent is deemed to consent.  
This principle only applies in a few areas of law.
- qui tam** Writ whereby a private individual who assists a prosecution may receive all or some of the penalty imposed.  
The term comes from the Latin expression: qui tam pro domino rege quam pro se ipso in hac parte 229sequitor229. This means: he who sues in this matter for the king as well as for himself.  
In the UK, this writ fell into disuse after Common Informers Act 1951. It remains in force in the USA under the False Claims Acts.
- quit rent** Rent once paid to the lord of the manor to acquit the tenant of other services.
- quiz machine** Machine which asks questions for the paying user to select a correct answer.  
Such a machine is specifically excluded from the scope of **amusement machine licence duty**.
- quoad hoc** Latin: regarding this.
- quod ab initio non valet, in tractu temporis non convalescit**  
Latin: that which is bad from the beginning does not improve by length of time.
- quod aedificatur in area legata cedit legato**  
Latin: that which is built on ground that is **devised** passes to the devisee.
- quod contra legam fit, pro inefcto habetur**  
Latin: what is done contrary to the law is deemed not to have been done at all.
- quod fiery non debet, factum valet**  
Latin: a thing which ought not to have been done may nevertheless be

perfectly valid when it is done.

**quod non apparet non est** Latin: that which does not appear does not exist.

**quod per me non possum, nee per alium**

Latin: what I cannot do in person, I cannot do by proxy.

**quod semel placuit in electione, amplius disciplere non potest**

Latin: where election is once made it cannot be revoked.

**quo ligatur, eo dissolvitur** Latin: whosoever can bind can also release.

**quorate** When a meeting has a **quorum** of members.

**quorum**

Minimum number of members who must be present at a meeting for it to transact business. The size of the quorum is usually stated in the body's constitution.

The quorum is usually expressed either as a number or as a percentage of the membership. If insufficient people attend, the meeting is **inquorate** and cannot transact business.

Where a meeting is inquorate, the rules should allow the meeting to be reconstituted at a later date subject to proper notification and notice period, when the meeting may transact its business regardless of whether it is quorate.

In company law, a single member can be a quorum (Companies Act 2006 s318(1)).

**quota**

Limited amount of something which is permitted, such as for imported goods or type of person who must be employed.

For import duty, the right to set a quota is contained in Taxation (Cross-border Trade) Act 2018 s11.

**quota system**

Any system which uses a **quota**. The term is commonly used for restricting imports of particular goods into a country, and for restricting the supply of essential goods when demand is too great.

**quotation**

The illustration provided to show the costs of insurance cover. The quotation document forms the basis of a new contract or the renewal of an existing one. It contains details of the conditions, benefits, caveats and premiums for the policy.

**quotation**

A statement of how much a contractor or supplier will charge for providing goods or a service. A quotation is legally binding for a stated period, unlike an estimate.

**quote**

In finance, give a figure on which another person may rely, particularly as a price for supplying goods or a service.

**quoted company**

Company "whose equity share capital —

(a) has been included in the official list in accordance with the provisions

of Part 6 of the Financial Services and Markets Act 2000, or  
(b) is officially listed in an EEA State, or  
(c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq”  
(Companies Act 2006 s385(2)).

<b>quoted investments</b>	Investments in <b>quoted companies</b> .
<b>quoted option</b>	Option quoted on a recognised exchange. The term is so defined in Taxation of Capital Gains Act 1992 s144, which deals with the capital gains tax implications.
<b>quoted shares</b>	Shares in <b>quoted companies</b> . For inheritance tax valuation purposes, this includes shares quoted on a foreign exchange.
<b>quote-driven system</b>	Operating system of a stock market where <b>market makers</b> quote a price for a share or other security. The other system is <b>order-driven system</b> .
<b>quotient</b>	In mathematics, the answer from a division calculation. In the calculation: $12 \div 4 = 3$ , 12 is the dividend, 4 is the divisor and 3 is the quotient.
<b>quoties in verbis nulla est ambiguitas ibi nulla exposition contra verba expressa fienda est</b>	Latin: when in the words there is no ambiguity then no interpretation contrary to the actual words is to be adopted.
<b>231quotient</b>	In arithmetic, division by repeated subtraction.
<b>quousque</b>	Latin: until.
<b>quo warranto</b>	Latin expression for a writ in which someone claims something to which he is not entitled.